Australian Citizens Party

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MEDIA RELEASE

19 June 2013

Stop Parliament from secretly legislating to steal deposits; demand Glass-Steagall law instead

The Citizens Electoral Council has just discovered that legislation is being secretly prepared to give Australia's banking regulator "bail-in" powers to confiscate the savings of the Australian people, just as in Cyprus.

The CEC is mobilising to expose and stop this secret plan, and force the Parliament to instead fully protect deposits and essential banking services from an inevitable collapse by passing a Glass-Steagall separation of speculative investment banking from banks that hold deposits.

Except for the CEC, the only information reported to the Australian people that "bail-in" is planned for Australia was the 3 June *Australian Financial Review* article reporting that the Bank for International Settlements (BIS) has "proposed" [sic] to the Australian Prudential Regulation Authority (APRA) that it grab creditors' funds, including deposits, to prop up a failing major bank.

However, the CEC has discovered that six weeks earlier, on 15 April, the BIS's global enforcer of bail-in, the Financial Stability Board (FSB), reported to the G20 that "legislation is in train" in Australia to give APRA deposit-confiscating bail-in powers. [See footnote.]

What is this legislation "in train"? Has it been passed? If not, is it planned to be rammed through Parliament in this current fortnight's final sitting, under cover of the 200 (!) other pieces of legislation that the government intends to ram through in this fortnight?

The crisis is now!

The CEC is exposing this plot just as the global financial system is being rocked by the beginnings of the next phase of financial meltdown—and Australia's banks are right in the way.

The U.S. Federal Reserve's mutterings, that it is considering "tapering off" the torrent of hyperinflationary money-printing that it has been pumping into the global financial system for four years, have triggered massive turbulence and capital outflows globally, including the sudden rush of capital out of countries such as Australia and Brazil, which has caused currencies to plunge, and a sudden collapse of the global bond market—by almost 90 per cent in the U.S. last week—which the 13 June *Financial Times* warns is "threatening to halt a global refinancing wave".

Australia's banks are exposed to hundreds of billions of dollars of short-term foreign debt, and $20 trillion dollars of domestic and global derivatives obligations. The last time capital fled Australia this fast and caused such a plunge in the dollar, in 2008, the big banks found that they could no longer borrow to roll over their foreign debts, and had to go screaming to the Rudd government for guarantees, warning that otherwise they would be "insolvent sooner rather than later".

The Big Four banks have gone on such a binge of derivatives gambling since 2008— led by CBA—that they are even more vulnerable today—a fact which makes the BIS and APRA desperate for the new "bail-in" powers, fully expecting to use them, and soon.

Footnote:
The FSB report reads: "(1) Completing the resolution toolbox for banks - It is critical that authorities have a broad range of powers at their disposal when faced with a crisis. This is not the case in all FSB jurisdictions. In many jurisdictions, resolution authorities still lack the powers set out in the *Key Attributes* to achieve rapid transfer of assets and liabilities and to write down debt of a failing institution or convert it into equity ("bail-in"), *although legislation is in train in some jurisdictions* (including Australia, Brazil, the EU, France, Germany, Indonesia, Singapore and South Africa) to align national regimes fully with the *Key Attributes*." (Financial Stability Board: *Implementing the FSB Key Attributes of Effective Resolution Regimes—how far have we come?* 15 April 2013, p 3.) [Emphasis added.]

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