

## Senate Economics Committee Submission

The Macquarie Critical Thinkers Society is a university student club and political think tank at Macquarie University in Sydney. Many of our discussions revolve around the future of the global economy, with a wide consensus that we are heading towards another global financial crash.

We believe this APRA bill grants unprecedented powers to our financial regulator. This submission seeks to raise a few issues to the awareness of the senate committee.

### 1) The Bank of International Settlements Connection

We must acknowledge that there is a massive foreign influence on Australian monetary policy.

The Bank of International Settlements (BIS) in Basel Switzerland is the apex of the global monetary system. The heads of the world's central banks regularly gather together and discuss global monetary policy. Not only is our Reserve Bank Governor Phillip Lowe an alumni of the BIS, but also our APRA chairman Wayne Byrers currently sits on the Basil Committee for Banking Supervision at the BIS.

The BIS has allegiance to no individual nation, rather it is a metaphorical global spider, who spins the financial web under which all national economies exist.

Inside the Bank of International Settlements there is a committee called the Financial Stability Board (FSB). The FSB's role is to visit countries around the world and ensure that their financial structures are ready to adopt the new financial architectures put forth by the BIS. We believe the FSB was responsible for establishing the Council of Financial Regulators (CFR) here in Australia. The CFR's About page on its website states that it is capable of "coordinating responses to potential threats to financial stability." So if this bill grants APRA unprecedented powers, and the CFR is ready to coordinate APRA, if the CFR is beholden to the BIS then this bill is essentially giving these powers to the BIS.

Australia has already signalled that it is fully committed to adopting BIS policy. At the Banking and Wealth Services Summit 2016 in Sydney, which I attended, many of the speeches and keynotes involved Australia's commitment to the new international frameworks.

What are the BIS's long term objectives? We believe that they are seeking to fulfil an agenda to establish a singular global currency. On a side note they are aiming for this new global currency to be almost completely digital, or cashless. However in order to implement their new financial architecture the old system must collapse. Out of the ruins of the old monetary system they will erect their globalist currency, like a phoenix out of ashes, and if Australia joins we will lose our monetary sovereignty.

Does the BIS have Australia's national interest at heart? No! Rather they would seek to subjugate Australia to the level of a vassal state beholden to the international monetary power.

Why should we approve this APRA bill which gives unprecedented powers to the financial regulator, if we are still unsure of how deep their connection with the BIS really is? Is APRA operating in the intertests of Australia or the BIS?

We need to scrutinize our relationship with BIS further before this bill goes ahead.

## **2) This Bill Legalises Bail In**

The logic for bail ins is simple. After the 2008 GFC many of the globally systemically important banks around the world received massive bail outs to keep the financial system alive. Well that didn't actually solve any of the underlying structural issues that caused the crisis rather it only kept the system functioning by delaying the inevitable collapse with newly created capital infusions. What is occurring today is that the same fundamental problems that caused the 2008 GFC are reappearing across the globe again, only this time on a much larger scale.

Bail in is presented as a possible solution to prevent bail outs, although it doesn't even come close to solving anything. Technically speaking, bail ins allow banks to seize the assets of unsecured creditors when the bank is facing massive solvency issues. Simply speaking next time there is a financial crisis the banks will be able to confiscate savings accounts. This is because deposit holders are treated as unsecured creditors to the bank.

(5.13) states that the terms "conversion and write off provisions" grant banks the certainty that products with these terms enclosed in the agreements (5.23) are capable of bail in.

It was contentious whether APRA actually had the ability to enact bail ins prior to this APRA bill. That is why (5.1) states "to provide certainty." However if this APRA bill is passed without amendments bail ins will become a reality next financial crisis.

Bail ins themselves would not solve the problems of the banking system, rather it is a policy of financial genocide. Imagine the social unrest that would occur when millions of Australians have their savings accounts stolen by the banks. With the rioting in the streets it would be the perfect excuse to engage martial law.

Hopefully the senate committee sees this reality and helps prevent it.

## **3) Removing the Financial Claims Scheme**

I think all members who vote for this bill should be aware they are essentially repealing (or significantly reducing) the government guarantee on deposits.

(8.20) enables APRA to calculate a 'payment amount' instead of the full guarantee. (8.23) ensures that this payment amount can be less than the full FCS amount, which "may provide a better financial outcome for the commonwealth." (8.57) removes the requirement that APRA has to report the payment amounts to the ATO. This means that they aim to pay people less than what they would be entitled to under the FCS and then won't disclose how much they underpaid people.

## **4) APRA's Dictatorial Powers**

We are also very concerned with the new privacy laws and penalties for whistleblowers enclosed in this bill. Exactly what powers are the parliament ceding to APRA?

## **Conclusion**

Ultimately the global economy is heading towards extremely volatile times. We believe it is inevitable we are heading towards a global financial crisis. This bill would not solve any of the underlying structural issues facing our economy. Hopefully this bill gets the consideration it requires.

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