

Submission to the Australian Senate.

Banking Amendment (Deposits) Bill 2020

To the Senate Economics Legislation Committee.

I am a self-funded retiree and write to support the above Bill.

It concerns me greatly that the current legislation empowers APRA to order the bail-in of certain Tier 1 and Tier 2 capital securities which, include bail-in in their terms and conditions, known as contingent convertible (co-co) or bail-in bonds, however, Section 11CAA Definitions defines that “conversion and write-off provisions” relate to: ‘additional Tier 1 and Tier 2 capital: or (b) any other instrument. Legal analysis confirms that this broad language creates a loophole that could extend a bail-in to include deposits.

The original bill was passed through Parliament in spurious circumstances where it was rushed through the Senate when only 8 (EIGHT) Senators were present.

There has been no public discussion relating to this Bill and I am sure that if the general public was aware of the contents and ramifications of this Bill, there would have been large ground swell of opposition to it.

I understand that certain members of Parliament have said that it does not include deposits, this is hardly reassuring when public trust in elected representatives is at such a low ebb.

Surely if a business needs to be recapitalised because of the actions of its Board and Management then it should be up to the shareholders to supply the capital for such actions and not the depositors who have placed their trust in that institution.

Already self-funded retirees are contending with the lowest deposit interest rates in history, they should not also be faced with the prospect of losing most or all of the funds on deposit.

Peter Holland

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