

Committee Secretary
Standing Committee
Rural and Regional Affairs and Transport
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Garth Gilbert

Dear Committee Members

Re: Inquiry into bank closures in regional Australia

Mutual Obligation has been a catch phrase promoted by Prime Ministers when providing funding in form of payments recipients such as the unemployed and other Crown payments ... "work for the Dole".

For some reason the Mutual Obligation for Small and Large businesses, along with Incorporations, the Banking Industry in this instance, do not fall into this category...all moral and Civil Obligations do not apply, for example. The Royal Commission into the Banking sector pointed out quite clearly, as the dead were being charged fees...the General Public never hears the words "Mutual Obligation" pass the lips of our political leaders mainly present or past Prime Ministers of the day. This may be because they seem untouchable.

For the reasons above, I have decided to put pen to paper and provide a Submission to the Committee.

When travelling around Brisbane doing my banking, I have to travel distances that are unreasonable, due to the Banking sector closing multiple branches. Three problems occur.... One, the traffic increases due to the customer now having to travel throughout the city and ... regional areas to find a branch that has not been closed. This has caused increased road congestion and fuel consumption increases ... this has affected the Nations fuel imports. The time wasted by Bank closures has inconvenienced myself and others who I have discussed the matter with...Where is the Incorporations Mutual Obligation to the Nations customer? I have also had a problem with credit cards, as the National Currency cannot be used to pay bills. As the branches have closed in bulk, one must place an order for your own money at least 48 hours prior.

As other Incorporated Bodies have enforced their rules not to receive cash, I have to travel to the bank, as well as having funds collected and placed into another account to pay my bills by using Australia Post.

Because crime is ripe in regional and city areas, I am afraid to have cash on my person when travelling. This can be resolved with minimal cost to the Crown by guaranteeing the funding to have all Australian Post Offices turned into an Australia Post Bank, along the lines of the Commonwealth Banks that King O'Malley set up. Before the asset was sold to the Incorporated bodies, to solve the problem, Australia would have a one stop banking establishment.

The advantages of an Australia Post Office would be.



Seven benefits of a public post office bank



A public post office bank will:

- ✓ Guarantee financial services for ALL;
- ✓ Guarantee ALL deposits;
- ✓ Keep financial viability for Australia Post & Licensed Post Offices;
- ✓ Ensure cash availability and cash payments;
- ✓ Lend to local small businesses and invest in local areas;
- ✓ Invest surplus deposits in national economic development; and
- ✓ Lift banking conduct standards

Seven benefits of a public post office bank

1. Guarantee financial services for ALL



Reliable branch services –

Post offices are permanently accessible to all Australians, unlike bank branches, which the private banks are closing all around Australia to maximise their profits—all while taking advantage of post offices to continue to provide banking services to the banks' customers.

Australia Post is mandated by the Australian Postal Corporation Act 1989 to provide mail service that is "reasonably accessible to all people in Australia on an equitable basis".

No discrimination –

As a public institution, the postal bank would not be allowed to discriminate against particular businesses or individuals, which means no lawful customer would ever be "de-banked".

Seven benefits of a public post office bank

2. Guarantee ALL deposits



Fully secure savings –

As it would be owned by the government, deposits in the bank would be fully government-guaranteed (not just up to the \$250,000 limit that the government's Financial Claims Scheme covers in the private banks).

That means the post office bank would not default on deposits, nor would your deposits be in danger of "bail-in".



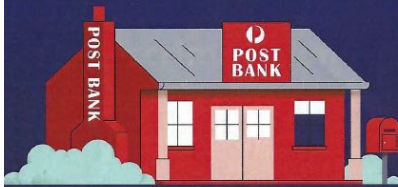
Seven benefits of a public post office bank

3. Financial viability for Australia Post and Licensed Post Offices



Agents for the public post office bank –

Post offices would be agents for the public post office bank just as they are now for private banks, but on more beneficial, customised terms for the post offices as the new bank is designed for the Australia Post branch network.



This model would be very similar to the way post offices were the first branches of the original Commonwealth Bank when it started in 1912, but it would be permanent. The model would ensure banking services to all communities, and the ongoing economic viability of Australia Post's branch network.

Seven benefits of a public post office bank

4. Ensure cash availability and cash payments



Maintain a cash payments system —

Australia's banks continue to shut down branches and rip out ATMs, which has the effect of phasing out cash and trapping people inside the banking system.

A June 2019 Reserve Bank of Australia paper on cash accessibility noted that "Australia Post's Bank@Post service is the only in-person banking facility within a reasonable distance for many Australians living in regional or remote areas".



Seven benefits of a public post office bank

5. Lend to local small businesses and invest in local areas



Community Investment —

The postal bank would make loans to individuals and businesses in the community, assessed on their merits based on good lending standards.

Loans would not be assessed on whether they maximise the bank's profit, which is the culture that has motivated private banks to chase reckless mortgage lending. The postal bank would not engage in derivatives trading or other forms of speculation.



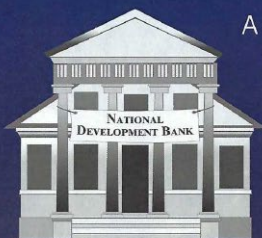
Seven benefits of a public post office bank

6. Invest surplus deposits in national economic development



Operate in tandem with a national development bank —

The post office bank could invest any surplus funds in a national development and infrastructure bank—this investment would also be fully government guaranteed.



A national development and infrastructure bank could then put those funds to work in the development of infrastructure and industries that Australia needs for productive economic growth and prosperity.

Australians who deposit their savings in the national post office bank would therefore know that not only are their savings safe, but they are being used for the economic development of Australia.

Seven benefits of a public post office bank

7. Lift banking conduct standards



Address the broken regulatory system –

Australia has weak and ineffective regulators because that is what the banks want, and it has earned Australia a shameful reputation as a paradise for white collar criminals.

A public banking alternative would force the private banks to compete on all fronts and lift their game, thereby helping to raise banking standards.

If the private banks persist with ripping off and exploiting customers to maximise their profits, more and more Australians will turn to the public banking option which, while it would make modest profits, would exist primarily to provide a service.

STATE of BANKING in Australia: The national picture

Source: Dale Webster of The Region

-62% Regional Australia has lost 62 per cent of its banks since 1975.

This is a loss of 1,738 banks in 1,003 regional towns, cities and coastal communities in just over 45 years.

-1,738

Just **1,064** remain open (May 2022)

There are **146** communities in regional Australia that only have one bank—of these, **92** have no minor banks to fall back on.

STATE of BANKING in Australia: The national picture

Source: Dale Webster of The Regional



ANZ now has the smallest regional bank network in Australia with just 191 of its original 615 branches outside metropolitan cities still open, **a cut of 69%.**



Westpac has the second smallest regional footprint but has **slashed 70.5%** of non-metropolitan branches leaving it with 228 from its original 777.



nab

National Australia Bank has 311 regional branches still open but has closed (or cut services to a point where the facility is no longer classified a bank branch) at 449 locations. This is a **cut of 59%** of its original regional network of 760.



Commonwealth Bank is the only one of the "big four" that still has more regional branches open than it has closed, but only just, with 334 of its original 650 remaining open, a **49% reduction.**

STATE of BANKING in Australia: The national picture

Source: Dale Webster of The Regional

133 towns that once had one or more major banks now only have a franchise and/or mutual bank

32 towns that once had one or more major banks now have only a minor corporate bank and, in a few cases, a community-funded option

575 towns that once had one or more major banks have no form of bank at all

136 of the towns that have no banks at all have lost two or more big four banks

STATE of BANKING in Australia: The national picture

Source: Dale Webster of The Regional

575 towns that once had one or more major banks, now have no form of bank at all



Regards,

Garth Gilbert.