

SUBMISSION TO THE REGIONAL BANKING ENQUIRY 2021

Since the closure of the Agricultural Bank in the last decades of the twentieth century, the Australian economy has suffered from the lack of a Commonwealth Development Bank; without an alternative to private banking, customers have been at the mercy of the 'big four' private banking oligopoly which immediately embarked on a policy of rationalization resulting in country-wide branch closures, along with other policies detrimental to businesses across the board.

Christine Holgate, considered by many in Australia Post to be the best CEO they'd ever had & no doubt recalling that Australia's original Commonwealth Bank had been inaugurated in post offices in 1912, toured post offices overseas & observed successful postal operations combining their services with banking services: from this she conceived the idea of Australia Post itself becoming a bank. Japan Post Bank, for instance, had been central to its country's post-war economic miracle, investing in economic development & enabling Japan to remain free of foreign debt. The USA had a successful postal bank until the 1960s & there is currently a move in the US Congress to re-establish it. When NZ inaugurated its postal bank, Kiwi Bank, it attracted a flood of deposits from New Zealanders desperate for an alternative to their 'big four' banks (actually subsidiaries of Australia's 'big four').

In urging the establishment of a Commonwealth owned bank in this country I feel I cannot go past the arguments contained in the Citizens Party's proposed legislation for a Commonwealth Postal Savings Bank (CPSB) presented below. I will then follow up with personal examples.

A CPSB would:

- Guarantee banking services to all communities and force the 'big four' private banking oligopoly to actually compete on service for the first time in 25 years;
- Guarantee banking services to everyone and every legal business without discrimination – no 'debanking' as the private banks are doing to more and more businesses;
- Guarantee deposits, as the bank would be owned by the Commonwealth government;

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- Support the cash payments system which the private banks are trying to get rid of – the banks have ripped out one third of Australia’s ATMs in recent years, but Christine Holgate ensured Bank@Post would supply cash;
- Lend to local individuals and small businesses in the communities the postal bank serves;
- Invest surplus deposits in a national development or infrastructure bank, to be a source of credit for the economic development of Australia;
- Break the monopoly of the ‘big four’ banks, including their power over Australian politics.

During the early 1990s I was living in Queensland’s Fassifern district when the small town of Kalbar lost its only bank. At that time we were able to arrange for one of the credit unions to establish a local branch which served the district well for many years, although I understand it has since closed. The Post Office remains open but should the current drive to privatize post offices succeed, the district could be adversely affected. At present a couple of banks still maintain branches in a nearby township but there’s no guarantee of their remaining open. These towns, mark you, are situated in the populous south-east of the state, less than forty kilometers from the city of Ipswich, but consider, if you will, the effect on outback centres, separated in some instances by more than 200 kilometers of gravel road which can become impassable in wet weather!

Journalist Dale Webster of *‘The Regional’* has written a new article, [“What anyone making a submission to Australia’s latest regional banking inquiry should know first”](#). She recaps the history of regional banking inquiries & traces the decline of regional banking services to the 1982 Campbell Report which demanded the privatization of the Commonwealth Bank, foreshadowing, as did happen, that bank branch closures would result. On what did she base her forecast? Once the private banks no longer had to compete with a public bank, the Commonwealth Bank, they had no incentive to maintain their branches. If they are again forced to compete with a public option, a postal bank, they will have to lift their game or prepare to lose millions of regional customers.

There are prominent politicians in every political party who support a postal bank & Bob Katter MP is ready to introduce the CPSB bill. The private banking monopoly, the most powerful lobby in Australia, will fiercely oppose this policy, as has already been evidenced in Scott Morrison's ambush & removal of Christine Holgate as CEO of Australia Post; however I firmly believe this is the direction Australia should take.

In conclusion, I urge the Committee to recommend the establishment of a CPSB which will aid in Australia's economic recovery from the vicissitudes of forced lockdowns & the stranglehold the 'big four' banks have acquired over Australian politics.

Ends

Footnote: *My apologies that the link above is dead; however anyone wishing to read the article will no doubt be able to find a live link on the website. KC*