

Australia needs a public post office bank!



Australia Post already has the branches nation-wide to serve all Australians, and has already been delivering banking services (for the private banks) for many years now. Australia Post is ready! (Image: artist's impression)



June 2022

The policy of establishing a post office "people's bank", which was the centrepiece of the Citizens Party's 2022 federal election campaign, is now a familiar idea to many Australians. The proposal did not start with the Citizens Party, however, but is an idea that has grown in support over more than a decade.

2022

On 26 April, one month out from the 2022 Federal Election, the Licensed Post Office Group (LPOG), which represents the interests of Australia's almost 3,000 small business post office licensees, issued a statement titled *Protecting the future of community post offices*, which details the actions and commitments the LPOG is seeking from the federal government and Australia

Post Board. The final point of those actions is the call to **"Establish a Postal Bank to service SMEs and help sustain the network and fund infrastructure."**

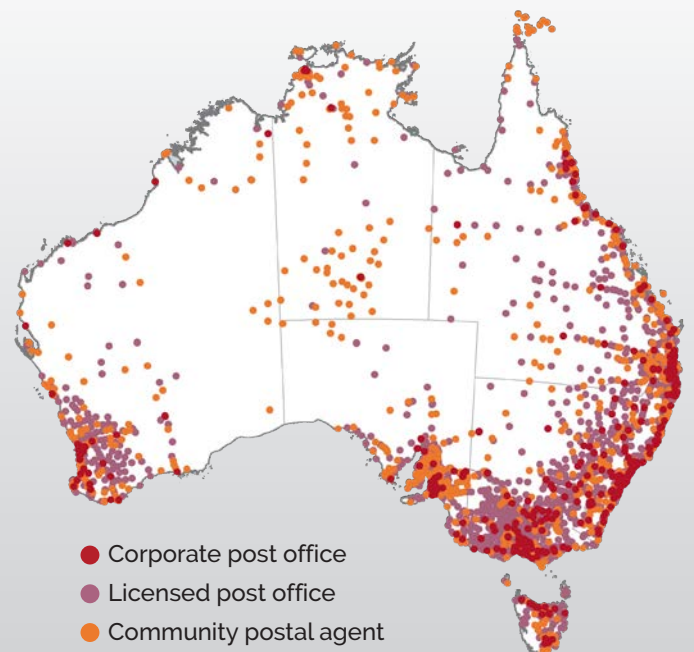
This call for action is the latest in a long line of suggestions, endorsements and reports over the last decade encouraging the federal government to look at a public banking option for the people of Australia. (See timeline over page).



Seven benefits of a public post office bank

- 1 Guarantee financial services for ALL
- 2 Guarantee ALL deposits
- 3 Financial viability for Australia Post and Licensed Post Offices (LPOs)
- 4 Ensure cash availability and cash payments
- 5 Lend to local small businesses and invest in local areas
- 6 Invest surplus deposits in national economic development
- 7 Lift banking conduct standards

Utilise network of Australia Post offices



With 4,320 post offices making up the Australia Post network, the capacity to provide a face-to-face public banking service around the nation is already in place and communities that are losing their bank branches will not have to worry anymore.

Seven benefits of a public post office bank

1 Guarantee financial services for ALL

Reliable branch services—Compared with the private banks which regularly close branches and remove ATMs to maximise their profits, all while taking advantage of post offices to provide retail banking services to their customers—post offices are permanently accessible to all Australians.

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”.

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”.

3 Financial viability for Australia Post and Licensed Post Offices (LPOs)

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.

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”.



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.



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.

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.



Invest surplus funds

Put those funds to work

Timeline of prominent calls for, and to investigate a public bank option

2009

On 8 July, six prominent economists of diverse ideological persuasions published an open letter in *The Age* newspaper calling for a new Financial System Inquiry.



Joshua Gans

University of Melbourne Business School economics professor



Stephen King

Monash University Prof. of Economics & former ACCC commissioner



Nicholas Gruen

Lateral Economics CEO



John Quiggin

University of QLD Prof. of Economics



Christopher Joye

Former Goldman Sachs & Reserve Bank of Australia economist



Sam Wylie

Melbourne Business School Associate Professor

Among their recommendations for what a Financial System Inquiry should consider, these six economists posed the following question:

"Should citizens who feel unsure and unqualified to shop wisely in our financial markets be able to access basic savings, payments, and wealth management products that have been vouchsafed by governments as being safe and professionally managed (e.g., why can't Australians invest with the Future Fund)? In this regard, **is there a role for a publicly-owned entity, akin to KiwiBank in New Zealand**, to offer essential services in Australia's finance sector that leverage off unique government infrastructure (e.g., Australia Post, the tax system, and the government bond market)?" (Emphasis added.)

2014

The Communications Workers Union (CWU), a division of the Communications Electrical and Plumbing Union (CEPU) which represents Australia Post workers, made a submission to the Commission of Audit, established by the Tony Abbott government to identify services and assets of the Commonwealth government that could be cut from the budget or privatised. Its targets included Australia Post.

The CWU submission included the following proposal: "Australia Post's retail network should be given more freedom to leverage off of the trusted icon status, especially in rural and regional areas and **move into new services such as banking and financial services, insurance services** and communication services.

"This would enable 'one stop shopping' for communities and help fill the vacuums that have been created by the banks and other service withdrawals from regional and rural Australia. Additionally, both individuals and businesses in metropolitan areas would benefit from an added competitor to the big four banks and the obvious reduced cost of banking that would ensue." (Emphasis added.)



2015

Paul Kofman and Carsten Murawski from the Department of Finance at the University of Melbourne proposed a public bank in response to the 2014 Financial System Inquiry chaired by former Commonwealth Bank CEO David Murray.

In an article in *The Australian Economic Review*, published by the Melbourne Institute of Applied Economic and Social Research, entitled, "Does Australia Need a New Banking Model?", they wrote:



"We suggest a third solution: **the establishment of a public-sector institution that provides core financial services**, such as payment services, savings accounts, mortgages and other basic forms of credit, to retail customers and small- and medium-sized enterprises. We think of it as a utility that ensures cost-effective provision of basic banking services to all Australians.

"The institution would be independent but backed by the Commonwealth Government and funded by (government) equity, deposits and public debt. It would be governed by an independent board, be transparent and accountable to the public."

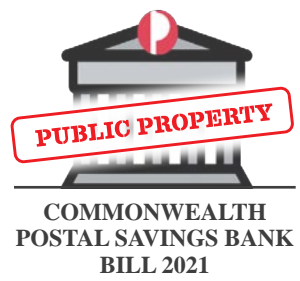
2020

On 31 July, the Labor Party-affiliated think tank Per Capita published an excellent report on a postal bank, commissioned by the CEPU. Entitled *PostBank: Filling a Void, Securing Essential Services*, the Executive Summary stated:

"This discussion paper **makes the case for the creation of a public bank in Australia by providing Australia Post** with an Authorised Deposit-taking Institution (ADI) licence, and moving in time to establishing PostBank as a full national savings and loan bank."

The report states, "A government-owned bank offers many benefits to Australians, including improving services for currently 'underbanked' customers, especially in rural and regional areas; improving standards across the financial services industry; and providing stability to Australia's economy in times of volatility in international financial markets."

In November 2020, the Citizens Party put forward its proposal for a **Commonwealth Postal Savings Bank**, accompanied by draft legislation. Since then, the Citizens Party has received direct feedback from senior politicians in the Labor Party, Liberal Party, National Party, the Greens, Katter's Australian Party, and One Nation, that they support a postal bank.



State of banking in Australia—the national picture

Research conducted by independent journalist Dale Webster of *The Regional* shows that **regional Australia has lost 62% 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. Just 1,064 remain open (May 2022).



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.



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.

The worst-affected towns are the ones which have lost all major banking services. Until 2020, it was relatively uncommon for a town that once had all of the “big four” banks to have lost all branches but in the space of a year, that number has grown from 5 to 14, signalling a disturbing gathering of pace in corporate banking’s retreat from regional Australia. Another 58 now bankless towns have lost three “big four” banks, 173 have lost two and towns that had just one of the “big four” banks make up the remainder (495).

The national picture stands as follows:

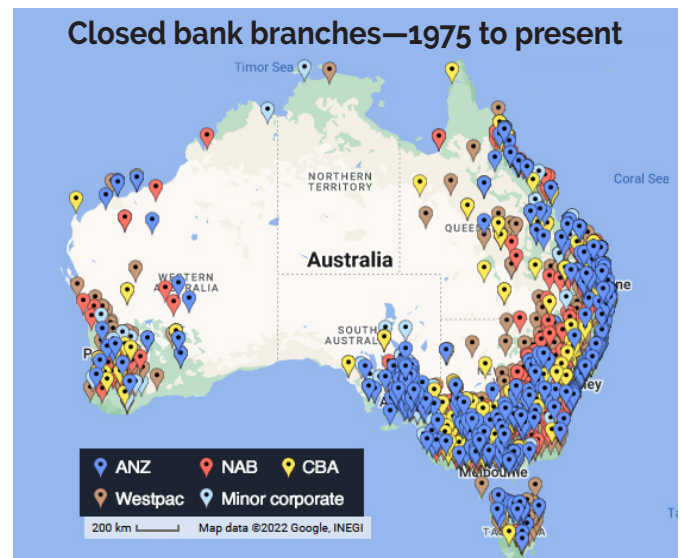
133 towns that once had one or more major banks now only have a franchise and/or mutual bank;

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.

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



Closure of over 1,730 bank branches across Australia from 1975 to present day. As of May 2022, just over 1,060 remain open. Source: <https://www.theregional.com.au>

What you can do

The Citizens Party is calling on all concerned Australians to get involved in a nationwide grassroots campaign to push a public post office bank on to the parliamentary agenda.

The election of the Anthony Albanese Labor government, along with a host of new crossbenchers in the House and Senate, is a fresh opportunity to get Parliament to address pressing banking issues that were blocked or suppressed by the Morrison government.



Citizens Party members on a tour of regional QLD informing businesses and the public about a public post office bank.

The starting point of the campaign is to:

1 **Inform all local communities around Australia of the public post office bank** which is the solution to many of the banking and financial problems confronting Australia now.

Contact the Citizens Party on 1800 636 432 for more copies of this colour flyer that you can distribute through your town or suburb, especially to the local LPO and small businesses which use its services.

2 **Contact your elected representatives**, both federal and state MPs and Senators to tell them to support a public post office bank.

3 **Sign and share** the Citizens Party’s petition for an Australia Post people’s bank—if you haven’t already—info.citizensparty.org.au/auspost-bank-petition



Citizens taking Responsibility

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