

BANK CLOSURES

Grievance

MR D'ORAZIO (Ballajura) [9.51 am]: My grievance is to the Treasurer and concerns bank closures that have occurred in the electorate of Ballajura. More importantly, my constituents have a petition signed by almost 1 000 people. This is not necessarily about the bank closures, but the process involved. My constituents indicated that they would like the Legislative Assembly to ask the federal Government to legislate for community service obligations to be placed on the major banks. In their words, they are seeking "service before profits".

Bank closures are a major problem that face not only my electorate but also the whole State. When I was the Mayor of Bayswater, three bank branches were located in that town. They all thrived and provided a great service to the community. To the community's amazement, first the Westpac Banking Corporation branch closed, then the National Australia Bank branch closed and then the Commonwealth Bank of Australia branch closed.

The closure of those branches of three major banks, which appeared to be working fairly well, leaving the community without a bank, is not satisfactory. However, out of that the Bayswater Community Bank was established, which is part of the Bendigo Bank Ltd group. Fifteen months after its opening it became the second most successful community bank in Australia, with over \$45 million worth of business. The major banks should be made to justify bank closures.

Although the establishment of the Bayswater Community Bank is a success story, the fact that members of the community had to raise approximately \$700 000 out of their own pockets to provide this facility for the community with the attendant risks when the major banks make billions of dollars of profit every year, highlights a nexus that must be broken. It has reached a point at which the federal Government must acknowledge that banks should not be in business only to make a profit, notwithstanding the importance of that to the shareholders. They should be obliged to provide services to the community.

In my new role as member for Ballajura I thought we had dealt with all the bank closures. Since I have been a member of Parliament three more branches have closed, one in Malaga and two in Noranda. The straw that broke the camel's back for the Noranda community was the closure of the National Bank and ANZ branches at the local shopping centre. ANZ management stated that it would never close a branch if it was the last banking facility in an area. In February, the Noranda branch of the ANZ Bank - which was the last bank branch in the centre - was closed. The National Bank branch at Malaga had also been closed. Bank customers have been told that they can do their banking at the Westfield Galleria Shopping Centre. That is true, but it is five or six kilometres from Malaga. Those determining bank policy do not understand that the role of branches is not only to provide banking services, but also to provide a catalyst for communities. The closure of the branches at Noranda has had a dramatic effect on the community generally, and particularly on pensioners and local businesses. Banks are a customer magnet for a centre. The shopping centre owners are now trying to attract a community bank to Noranda. Ballajura has 17 000 residents but does not have a bank branch. The banks' response when questioned about their branch policy is that customers can use their facilities at Galleria. That may be so, but last Friday when I went to the Westpac branch in Galleria I counted 58 people waiting to be served.

Accessing that shopping centre is also difficult. A pensioner wanting to get to Galleria to do his or her banking will find it very difficult. An elderly diabetic pensioner told me this week that she now requires transport assistance to get to Galleria to do her banking. That is unacceptable when the major banks are making huge profits. They must understand that they have an obligation to provide banking services to the community.

The situation is probably far worse in the country. Bank customers might have to travel 200 or 300 kilometres to access banking services.

Mr Trenorden: Unfortunately, they take their other business with them.

Mr D'ORAZIO: The Commonwealth Government understands the concept of community service obligations. We should not dictate the day-to-day running of banks, but, if a community has only one bank branch, those running it must understand that they have an obligation to provide services.

Why has the community banking movement been so successful? The Halls Head community bank will be opened next week. It will be the thirteenth community bank branch in Western Australia.

The community is saying that bank services are essential. They are not simply services that are nice to have in a community. Major banks must be made aware of their community service obligations. The Commonwealth Government has insisted that Telstra honour its service obligations. Banks are in the business of making profits, but they should also be in the business of providing services to the community. That is very important.

The Bayswater Bendigo Bank Ltd is now on target to make a profit of \$200 000 a year. Members should not tell me that is an insignificant sum of money. One of the major banks could probably make an even greater profit. The issue is not that these banks are not profitable; the issue is that it is more profitable to force people to go to bigger centres and to reduce services. The Government must understand that this is about providing services, not only making profits.

MR RIPPER (Belmont - Treasurer) [9.59 am]: I commend the member for Ballajura for his role in helping to establish a community bank in his electorate.

Mr Barnett: He has done a good job.

Mr RIPPER: The Leader of the Opposition agrees. Other members have been involved in similar exercises, but the member for Ballajura has done a great service for his community. The Leader of the National Party has also been involved in the establishment of community banks.

The primary responsibility for the regulation of the banking system lies with the federal Government. Nevertheless, I will make some comments on the remarks of the member for Ballajura. Banks have important social obligations. They cannot be seen as just profit-making machines. In a sense, they are in a different category from every other corporation in the country because of their financial and social role. In the past, Governments used to be involved in the banking system through government-owned banks, and that provided some measure of accountability and ability for Governments to moderate banking practices. Governments are now out of the banking system and the accountability comes back to two mechanisms; competition or regulation. In an ideal world the banks would be competing on the services that they offer to their customers such as fee structures and so on. Most people in the community are sceptical about the intensity of the competition between the banks on those issues, although, there are now signs of some banks beginning to respond to public opinion and pressure on these matters. Perhaps, at last, the competitive system might produce some changes in bank behaviour. If competition and the market are not producing the results that the community wants, the next option must be regulation. At the time of the last election, our federal Labor colleagues promised a charter requiring banks to meet certain social obligations. By and large, the community is very dissatisfied with the performance of banks in meeting their community obligations and some form of additional regulation to enforce that would have strong community support. I hope that the member for Ballajura's petition meets with a favourable response in Canberra.

Banking services, or the lack thereof, impact on different sections of the community differently. For the people who are more comfortable with the use of automatic teller machines, are connected to the Internet, or are happy to deal with their banking business over the telephone, they now have more access to banking services and information than they might have had 20 or 30 years ago. I remember the frustration 20 or 30 years ago of a person who could not get to the bank on Friday afternoon and would not have the cash to do the shopping over the weekend. That is no longer a problem because of electronic banking, ATMs, telephone banking, credit cards and so on. For some groups of customers, banking services have improved. However, a significant section of the population is not happy with electronic banking. They might not be connected to the Internet or are not comfortable in dealing with their banking business over the telephone. The older people in our community, in particular pensioners, want to have the face-to-face service that they are used to. Banks must recognise that they have a broad range of customers and not just switched-on young people who are fully comfortable with modern technology. Banks have customers who are not comfortable with modern technology and want that face-to-face contact.

The State Government provides modest support when people lose the ability for face-to-face banking contact. When all the banks in the local government area have closed and a community bank is established, the State Government will offer stamp duty concessions on the transfers of mortgages and so on to those community banks. I am sure the Leader of the National Party would like to interject on that matter.

Mr Trenorden: If the Government wants to increase competition, it can. However, if people change banks, they incur a stamp duty penalty. There is no penalty to the State if the Government provides leeway on stamp duty, because if people do not change banks, the State will not gain. If a bank refuses to provide a full service, the State should waive the stamp duty. We are halfway there. It would cost nothing to Western Australian taxpayers. If we lock people into the current arrangements of stamp duty, it will not be collected.

Mr RIPPER: I note the representations made by the members for Ballajura and Mandurah, and the Leader of the National Party. The Government is considering what additional encouragement it can provide when a community bank is established, and how it can promote competition in the banking system.

The SPEAKER: Grievances noted.