

DOLLARMITES — SCHOOL BANKING PROGRAM

Grievance

MS A. SANDERSON (Morley — Parliamentary Secretary) [9.28 am]: My grievance is to the Minister for Tourism representing the Minister for Education and Training. I thank the minister for taking this grievance, which relates to the Dollarmites school banking program run by the Commonwealth Bank in Western Australian schools and schools across the country.

Over the last few months, we have seen some shocking evidence of banking practices during the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The interim report is scathing of the greed and dishonesty that runs across the banking sector; hence, it refers to the sector as having “not just a few bad apples”. The Commonwealth Bank has confessed to three examples of misconduct as it seeks to salvage its battered reputation. The Commonwealth Bank and the National Australia Bank were singled out for repeated breaches of the Corporations Act, the Superannuation Industry (Supervision) Act and the Australian Securities and Investments Commission Act. The committee’s interim report is damning and lengthy; volume 2 of the report outlines case studies that amount to 515 pages.

The Commonwealth Bank has a number of chapters to itself in the interim report, including a chapter on fees for no service. So far, CBA has paid remediation of \$118.5 million to affected clients. Possibly the most sinister of all the bank’s infractions, fees were deducted for services the bank did not provide. In some cases, fees were being deducted from people’s accounts many years after they had died. In many instances, these fees were charged invisibly so people did not know that they were being charged. The Commonwealth Bank charged more fees for no service than any other bank.

The chapter titled “CBA brokers relations and accreditation” outlines a lack of disclosure to borrowers of fees paid to brokers and a failure to manage potential conflicts of interest. The chapter titled “CBA add-on insurance” outlines how two add-on insurance policies were sold to customers who did not meet the employment eligibility criteria to claim certain benefits under the policies, including personal and income protection. An audit found that 64 000 customers would not be eligible to claim. Despite direction from ASIC, the bank initially refused and delayed informing and remediating customers. The bank knew that there had been an issue for a number of years, but failed to act. The chapter titled “CBA personal overdrafts” outlines the bank’s poor assessment of the ability of customers to repay loans. The chapter on CBA credit cards outlines one appalling example of the bank providing several unconditional credit increases to the credit card of a person who had told the bank that he had a serious gambling problem and was using the credit card to provide cash advances for gambling. The interim report also includes chapters titled “CBA and double debiting interest” and “CBA failure to apply fee waivers and package benefits”. Frankly, the report outlines a litany of deception, fraud and unwillingness to make restitution when caught out.

I turn to CommBank school banking. The Commonwealth Bank continues to aggressively market to children through the Dollarmites program in which the bank gives schools in Queensland, and I presume in Western Australia, \$100 for every 100 students who sign up to the program and \$5 for every 10 deposits made. No doubt this money is welcome and useful in schools, but I have serious concerns about the ethics of this practice in light of the royal commission’s interim findings and evidence.

We all remember the toys and money boxes that came home from school. My first bank account was a Dollarmites account. It all seems fairly harmless, but I would say that it is corporate grooming. We know that once banking habits are established, they are hard to shift. This is not simply a public service for our schools; it is a marketing strategy to grab customers. Research from Choice shows that 46 per cent of people opened their first account with the Commonwealth and, importantly, more than one-third of those people have not closed those accounts. The Commonwealth Bank has not repaid its customers for their loyalty.

As well as the findings of the royal commission, the Commonwealth Bank has been beset by scandals, presiding over one of the worst financial planning failures we have seen that left thousands of Australians with their savings wiped out and dwindling bank balances. The bank deliberately and fraudulently put people into risky and bad investments in order to receive bonuses. The Dollarmites program itself is not untouched by scandal—thousands of accounts were opened by branch staff to receive bonuses and reach sales targets.

Financial literacy is so important; it is one of the most important things that we can teach our kids, in particular girls. I ask the minister: what options do our schools have when choosing school banking programs and how can we encourage saving and financial literacy in our kids without rewarding this greedy and dishonest behaviour?

MR P. PAPALIA (Warnbro — Minister for Tourism) [9.33 am]: I thank the member for Morley for this grievance and for her ongoing support of schools and students in her electorate. As with the grievance from the

member for Geraldton, I am responding on behalf of the Minister for Education and Training and I will deliver her response.

I understand that the member wrote to the minister in July to raise the member's concerns about the school banking program run by the Commonwealth Bank in Western Australian schools. At the time, before the "Interim Report: Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry", as outlined by the member for Morley, a senior Department of Education official contacted the Commonwealth Bank to seek an explanation of its practices in schools. I am told that the Commonwealth Bank advised that immediate changes were made in 2013, when the practices relating to the YouthSaver account, under which the Dollarmites program falls, were identified, and that it was not aware of any evidence that the practice has occurred since then.

The Commonwealth Bank also advised that it had made the following changes to its YouthSaver accounts. The Commonwealth Bank has communicated to all branch managers that this practice was not acceptable and inappropriate behaviour would result in disciplinary action, which may include dismissal. In 2013, the criterion to qualify an active YouthSaver account changed—for a YouthSaver account to be considered active, there must be a minimum deposit of \$5 made up of two or more separate deposits within the first 56 days of the account opening. The bank advised that this criterion remains. More recently, branch incentives have been substantially revised, with a focus on customer satisfaction, risk management and company values. It is a relief to hear that!

The Department of Education does not recommend, promote or mandate the resources and programs that public schools use. This includes banking programs. Decisions about which resources to use to teach financial literacy are made at the local level. Principals and teachers select programs that best suit the specific needs of their students. The member mentioned the options that schools have when deciding which school banking programs to use and asked how we can encourage good financial habits in our students without rewarding poor behaviour by financial institutions. Financial literacy is embedded across curriculum areas of the Western Australian curriculum and it is taught by all schools throughout all phases of schooling, from preprimary to year 12. Schools make decisions on how best to teach the content of the curriculum according to their particular students' needs.

A range of financial literacy teaching resources are available online, one of which is MoneySmart Teaching, developed by the Australian Securities and Investment Commission. MoneySmart Teaching is a strategy to develop and support consumer and financial literacy capabilities in young people. It is available free to all school sectors from preprimary to year 12 and into adulthood, including accredited pathways for senior secondary vocational education and training qualifications. The program includes professional learning and access to high-quality, free, online classroom resources. Access for schools to MoneySmart Teaching is supported through a national partnership agreement that provides funding to Western Australia. The national partnership agreement includes access to a range of context-specific professional learning opportunities via self-directed online modules designed for pre-service and current teachers; primary, senior secondary and tertiary students; Aboriginal students; and students with special needs.

For classroom teachers and school leaders, the available online learning highlights the importance of financial capability and informs teaching and school practices with consideration to specific curriculum. Senior secondary students are able to access MoneySmart financial capability information related to study pathways, including government allowances—the higher education loan program and other forms of student loans. For young adults, a wide range of online resources, including digital applications and payment calculators, are available to support them to become informed consumers. There are programs out there that do not rely on provision by a financial institution. The minister asks the member for Morley and other members in this place to encourage parents to be aware of the programs available in their children's schools and to contact their school principal if they have any concerns. Thank you.