

Cloncurry Shire Council

38-46 Daintree Street
PO Box 3
Cloncurry QLD 4824
ABN: 76 581 540 914



Telephone: (07) 4742 4100
Facsimile: (07) 4742 1712
Email: council@cloncurry.qld.gov.au
Website: www.cloncurry.qld.gov.au

Our ref: EXE:SC

30 March 2023

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Branch closures in regional Australia

Cloncurry Shire Council thanks the Rural and Regional Affairs and Transport References Committee for focusing its attention on bank closures in regional Australia. Please see below for Council's submission.

BRANCH CLOSURE PROCESS

Cloncurry Shire Council's key concerns with the branch closure process are with:

- The lack of consultation/transparency of the process
- The potential procedural errors in administering branch closure process
- The apparent absence of a "social licence to operate" component in these calculations

Lack of consultation and transparency

Cloncurry was informed by Westpac on Friday, 3 February 2023 of the pending closure of Westpac's Cloncurry on 19 May 2023. There was no prior discussion or consultation with Council or other key stakeholders in the lead up to this decision. Given Westpac has subsequently put the Cloncurry decision on hold while progressing other closures, it would appear that this process would have benefitted from prior consultation.

After Council and other key stakeholders agitated for a review of the decision and achieved national media coverage in the process, we did receive genuine engagement from senior executives, which was commendable and very constructive. If that had have happened as a part of a structured process, and the right outcome achieved, this would have resulted in much less anguish and frustration. The local staff were the biggest victims - getting short to no prior notice of the closure and then copping the backlash from frustrated customers.

SUGGESTION: more consultation required in branch closure process.

Procedural issues with decision making process - what is the rationale for closure?

Council, along with a number of Cloncurry-based agri-businesses with Westpac accounts, lobbied Westpac in an effort to have the decision to close the Cloncurry branch internally reviewed and reversed. As part of this process, we wrote to Westpac and identified our surprise with the decision for the following reasons (see Council's agenda from 21 Feb 2023):

- Historical and current links between Westpac and Cloncurry's agricultural sector;
- The scale of Cloncurry-based agribusiness investments with Westpac;
- Population growth in Cloncurry of 3.8% p.a. over the five-year period from 2016-2021;
- The \$5bn CopperString 2.0 announcement;
- The continued and projected strength of the mining and agricultural sectors in Cloncurry:
 - o Evolution purchasing the Ernest Henry Mine from Glencore for \$1bn in 2023
 - o Harmony's acquisition of the Little Eva Project
 - o Rural property values increasing by ~300%

Our private and public agitation resulted in Council and key stakeholders receiving a deputation from Westpac on 17 February 2023, at which time Westpac indicated that the decision to close the Cloncurry branch of Westpac was being placed on hold and might be overturned. As it turns out, this appears to be one of a few branches public identified for closure that Westpac has now chosen to pause and potentially overturn.

SUGGESTION: third party independent review of closure process to avoid administrative errors

Social Licence

As other closures are progressing while some have now been paused, it would appear that there were procedural errors with the decision-making process and that these errors were financial in nature (financially cost/benefit not correctly calculated or captured) rather than derived from a failure to adequately capture the economic or social impact of the branch closure on Cloncurry.

SUGGESTION:

- Banks to be precluded from offering incentives to major clients that would enable banks to keep these clients at the same time as closing the local/regional branch associated with these clients (e.g., Cloncurry agribusiness should be linked to the Cloncurry branch), ensuring banks do not position themselves to retain all the financial benefits of retaining preferred clients while passing on the social and economic losses to towns they are departing.

THE ECONOMIC IMPACTS OF BANK CLOSURES ON CUSTOMERS AND REGIONAL COMMUNITIES

Cloncurry Shire requested assistance from the Queensland Department of State Development to estimate the impact of the closure of the Westpac bank branch on the Cloncurry economy (see Attachment 1).

A summary of the impacts as assessed via the REMPLAM assessment, is provided below:

Impact Summary	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	-\$3.577	-\$0.112	-\$0.325	-\$4.014	1.031	1.122
Employment (Jobs)	-6	0	-1	-7	1.000	1.167
Wage & Salaries (\$M)	-\$0.551	-\$0.030	-\$0.057	-\$0.638	1.055	1.1599
Value-added (\$M)	-\$2.745	-\$0.060	-\$0.196	-\$3.001	1.022	1.093

It is also worth emphasising the social impacts of actual and potential branch closures. Consider the following example:

- Profitable agribusinesses in a locality or region bank with a financial institution with a local branch (e.g., NAB or Westpac or Rabobank in the case of Cloncurry)
- This relationship is often a multi-generational one between pastoralist and financial institution, allowing both to grow over time.
- Towns and residents derive a benefit with:
 - o Access to banking services; and
 - o Branch employees sending their kids to school, shopping locally, participating in local clubs, sporting organisations, committees, events etc.
- Branch closure is announced which leads to 6 job losses and the loss of all the services offered by the local branch to individuals, businesses, clubs and associations.
- Bank offers sweeteners to major clients to offset inconvenience of loss of local branch and retains these clients. All other clients disadvantaged.
- Bank retains benefits / profits associated with retaining major clients while divesting itself of the burdens of providing less profitable services to the local community of individuals, businesses, clubs and associations etc. via its local branch.
- Local clubs and committees lose members and office holders (Presidents, Treasurers, Secretaries, other Committee members, coaches, referees), schools lose students and sporting clubs lose participants (children of branch staff), events lose patrons etc. These losses are disproportionately large in smaller communities.
- Banks win, regions lose.

Our assessment is that the bank expected to retain all of its big agribusiness clients (and any other large-ish clients) while leaving the town to shoulder the economic and social burden of the branches closure. Cloncurry has (temporarily) avoided this situation because our agribusinesses stood up and fought alongside Council and demanded that all residents and businesses be factored into the decision to close the branch.

SUGGESTION:

- Banks to be precluded from offering incentives to major clients that would enable banks to keep these clients at the same time as closing the local/regional branch associated with these clients (e.g., Cloncurry agribusiness should be linked to the Cloncurry branch), ensuring banks do not position themselves to retain all the financial benefits of retaining preferred clients while passing on the social and economic losses to towns they are departing.

THE EFFECT OF BANK CLOSURES ON ACCESS TO CASH

One item that Cloncurry Shire Council has routinely heard in the context of the proposed branch closure in Cloncurry is that community groups hosting community events would be severely impacted by having to travel >240km to access suitable floats for events (e.g., \$40,000 in cash). First, the issue of carrying such large quantities of cash in unsecured transport is a risk. Second, the inconvenience of having to travel 240km (return trip to Mt Isa) is not an inconvenience that many in major regional and metropolitan centres would ever be forced to face.

As this has been covered in other submissions, we make no further comment.

Thank you again to the Rural and Regional Affairs and Transport References Committee for focusing its attention on this important matter.

Yours sincerely
Cloncurry Shire Council

// Cr Greg Campbell
Mayor

Philip Keirle
Chief Executive Officer