



28th April 2023

Senator the Hon Matthew Canavan
Chair
Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Senator Canavan

Western Queensland Alliance of Councils – Submission to Inquiry into Bank Closures in Regional Australia

Background:

The Western Queensland Alliance of Councils (WQAC) welcomes the Committee's Inquiry into *Bank closures in regional Australia* and is grateful of the opportunity to make a submission.

By way of introduction, the WQAC is a collaboration between the three regional organisations of councils in Western Queensland – the North West Queensland Regional Organisation of Councils ([NWQROC](#)), the Central West Remote Area Planning and Development Board ([RAPAD](#)), and the South West Queensland Regional Organisation of Councils ([SWQROC](#)).

Our three bodies represent 22 Councils that stretch from the Gulf of Carpentaria in the far north to the New South Wales/South Australian borders in the south. This area covers 60 percent of Queensland and represents some of the most remote, but also productive communities in the State.

The aims of WQAC (amongst others) is to attract greater public and political attention to shared issues across the three regions and increase its advocacy power and influence due to its larger representative base. Further information on WQAC can be found on its website @ <https://wqac.com.au/>.

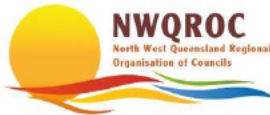
WQAC Findings:

Noting the Terms of Reference for the Inquiry, our response intends to focus on "*the economic and welfare impacts of bank closures on customers and regional communities*"; "*consideration of solutions*"; and "*any other related matters*".

WQAC conducted a survey of its 22 councils seeking information on:

- a. the current level of banking services across communities;
- b. bank closures in recent years;
- c. alternative arrangements when closures occurred;
- d. concerns for the future; and
- e. impacts on communities when face to face services were withdrawn.

The detailed results of the survey can be accessed [here](#).



A summation of the data is provided in Tables 1 & 2 below.

Table 1: Councils With and Without Banks

Councils with Banks	Councils without Banks
1. Balonne: Westpac, CBA, NAB, Suncorp (Business), Rural Bank, Rabobank	1. Barcaldine
2. Blackall-Tambo: BoQ	2. Barcoo
3. Carpentaria SC: Westpac	3. Boulia
4. Cloncurry SC: NAB, Westpac, Rabobank	4. Bulloo
5. Flinders SC: NAB	5. Burke
6. Longreach: NAB, CBA, Westpac, Rabobank	6. Diamantina
7. Maranoa: NAB, CBA, Westpac, ANZ, Suncorp, Rabobank	7. Doomadgee
8. Mount Isa: CBA, NAB, Westpac, ANZ, Suncorp, Qld Country Bank	8. Etheridge
9. Murweh: CBA, NAB	9. McKinlay
10. Paroo: NAB	
11. Quilpie: NAB	
12. Richmond: NAB, Suncorp (Agri bus only)	
13. Winton: NAB	

Table 2: Bank Closures

Bank Closures in Last Five Years	Recent Announced Closures
1. Balonne - Heritage	1. Cloncurry - Westpac
2. Blackall-Tambo – CBA	2. Longreach - NAB
3. Boulia – Country Credit Union	
4. Etheridge SC – Bendigo	
5. Flinders SC – ANZ	
6. Longreach – Suncorp, ANZ	
7. McKinlay – Suncorp	



In addition to the statistics above, the following comments and concerns have been raised in the survey and at meetings of the three regional bodies:

- Banks are:
 - Downsizing premises and staff.
 - Reducing hours of operation.
 - Shifting lending services to major centres.
- Alternative arrangements when banks close, such as Post Offices are not favoured due to variable levels of customer service and concerns about privacy and security.
- Communities without banks (9) needing to access Face-to-Face services are confronted by four to ten hour vehicle roundtrips for:
 - Change of account signatories – businesses, community groups and private individuals are required to produce proof of identity in person.
 - Obtaining cash floats for groups conducting community events.
 - Small businesses trading in cash do not have deposit facilities giving rise to safety and security issues.
 - Cash required for ATM's only being available from banks.
- With the increasing occurrence of identity theft and online scams, customers, particularly the elderly, are far less confident about using online banking.
- Related to the above, elderly residents unable to utilise online systems are reliant on others to undertake banking on their behalf exposing them to theft and elder abuse.
- The significant deficit in digital infrastructure in Western Queensland results in variable quality of internet access and speed meaning online banking services are not always available or reliable in rural and remote areas.
- When IT equipment fails e.g., SIMS, computers, tablets, phones, etc., replacements have to be accessed from afar and online banking services are not available to individuals relying on this technology whilst waiting for replacements to arrive.
- Closure of banks means the loss of well paid jobs, respected individuals and active contributors to community life.
- Closure of the banks is an act of bad faith and a loss of regard for the community which have supported the banks over decades. This, combined with the 'postcode discrimination' exercised by the banks with respect to lending practices for business and housing needs in rural and remote areas, breaches their social licence to operate.
- All 13 councils which currently have banks are concerned about bank closures in their communities.

WQAC Recommendation (Short Term & Operational): Amend Banking Procedures for Signatories to Accounts

One of the biggest challenges facing communities without a bank branch is the process involved in the changing of signatories to accounts. Whether a business, organisation or personal account, signatories need to present themselves in person to a branch to provide proof of identity before changes can be made.

The WQAC survey highlights that across the 22 councils this can require between a four and twelve hour round trip to the nearest branch. This is costly for business and time consuming for the individuals involved.



Arrangements are now in place in Queensland, other States and New Zealand, enabling legal documents to be witnessed virtually involving proof of identity.

Here are links explaining this process in - [Queensland](#), [New South Wales](#), [Victoria](#), [Tasmania](#), and [New Zealand](#).

These measures were introduced during the lockdown periods associated with the COVID pandemic when face to face gatherings were prohibited but have now been retained. The precedent has been set by these arrangements and the situations are analogist – face-to-face meetings are not possible between customers and bank officers, except at great cost, time and inconvenience.

WQAC suggests it is now time to review and change these bank practices to provide a contemporary approach to bank account management arrangements.

WQAC Recommendation (Long Term & Strategic): Work Towards and Adopt Shared Value Models

No doubt many of the submissions made to this Inquiry will highlight that the role of banks in rural and remote communities is far more than just a provider of financial services. They are a tangible demonstration of the locality's economic strength and community vitality. To external onlookers, especially investors, the absence of a bank can be misinterpreted as a poor reflection on the community its economic capacity and long term future.

Further, the quantum and value of banking activity within any location is not simply a measure of the face-to-face or foot traffic into a branch. The aggregate of banking financial services is a better measure of the value of the customers to the bank and the bank to its customers. A banking licence should not just be viewed as a right to conduct business but the basis of a social contract with a community and its customers.

Due to these sentiments, the issue of bank closures has been the subject of scrutiny and public commentary for decades as evidenced through the [2004 Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia](#) and more recently the [2022 Regional Banking Taskforce Final Report](#).

For the record, WQAC supports the recommendations from both the 2004 Inquiry and the 2022 Taskforce Final Report as well as the recommendations proposed by the LGAQ in its submission to this Inquiry as the State's peak body for Queensland Local Government.

Noting the above, WQAC believes that old paradigms related to business practices that are based solely on commercial or profit driven outcomes (typically used to justify bank closures) are no longer relevant as the global business environment shifts its strategic focus and operating models to those based on 'shared value' and 'purpose' driven corporate aspirations – noting the rise of the 'B Corporation'.

"The past decade has been disastrous for the banking industry. Emerging from a period of multi-trillion dollar write-offs, multi-billion dollar fines, and even threats of criminal charges, the industry needs a new approach. It can no longer focus on short-term return optimization to benefit an increasingly small, elite segment of the global population. It can no longer rely on generating revenue by using opaque fee structures or engaging in risky financial engineering. If it does, we can already foresee the ramifications: increasingly complex and restrictive regulation and growing suspicion from customers who, empowered by technology and the host of options that it creates, are increasingly finding ways to work around banks altogether.

Banks must choose a new path. They need to recognize that the health of their businesses is inextricably linked to the long-term prosperity of their clients and communities and to sustained local and global economic growth".



(Excerpt from Foreword by Michael E. Porter (2014 ,p.5) [Banking on Shared Value – How Banks Profit by Rethinking Their Purpose](#))

Interestingly the National Australia Bank (NAB) was a key sponsor of this international research report which WQAC believes would be of value in informing the Committee’s thinking on this matter.

In particular, the suggestion that shared value exists by fueling the growth of regional economies by moving beyond individual transactions to proactively finance and strengthen entire ecosystems of players within an industry or community.

As the report states *“The success of banks largely depends on the economic strengths of the communities where they (and their clients) operate. A more prosperous community means more and healthier business clients. Thus creating shared value at a regional level provides a powerful opportunity for banks to fuel economic growth—a rising tide that lifts all boats. While banks have historically played an essential role in economic growth through their core operations, they tend to do so one business at a time. This focus on the needs of discrete business clients creates a blind spot—banks all too often miss the broader regional or industry dynamics that affect the success of all their clients. By moving beyond individual transactions to financing and strengthening entire ecosystems of players within an industry or community, banks can boost regional economic growth as well as their own business”* (Valerie Bockstette et al (2014, p.12)).

Certainly within Queensland the emerging ‘green revolution’ would appear to offer a pipeline of shared value opportunities for banks across multiple ecosystems over a long term horizon. For example, the recent announcement of Copper String 2.0 across North West Queensland will deliver new opportunities for mining, industrial, and manufacturing enterprises as well as support major hydrogen and renewable energy projects.

A cursory review of each of the big four bank’s websites highlights their Environmental, Social, and Governance (ESG) credentials, and in the case of the NAB its award winning status as 'Shared Value Organisation of the Year' at the 2021 Shared Value Awards.

The Australian Banking Association’s (ABA) *Banking Code of Practice* also highlights that “Australia’s banks play an important role in contributing to the prosperity of the nation’s economy, for the benefit of all Australians. Our customers count on us to provide them with a safe place to deposit money, to offer a wide range of options to access banking and financial services, and to help businesses start and grow” (Australian Banking Association (2021, p. 1)).

Yet, Australian banks continue to pursue bank closures in regional communities despite the above research suggesting these areas are fertile grounds for shared value opportunities; and despite its Industry Code of Practice stating that banks will “offer a wide range of options to access banking and financial services”.

Whilst it would be easy to point to the banks’ rhetoric about commitments to customers, communities and ESG principles as a hollow public relations exercise, WQAC believes there is an opportunity, especially through this Inquiry to encourage and / or incentivise a new approach (or paradigm shift) by the banks in conjunction with the ABA.

As the Report by Bockstette et al concludes *“the industry [banking] is at a crossroads. Banks can choose to continue focusing on maximizing short-term returns while remaining permanently reactive to public scrutiny and regulation that often stifles innovation. They can continue to use philanthropy and government-mandated investments to fund programs disconnected from any strategic intent. And they can remain on the sidelines, ignoring the vast opportunity inherent in addressing social and environmental needs, leaving business value on the table.*



Or, banks can embark on a new, actionable, shared value approach. They can transform their role within society by designing financial products and services to address social and environmental needs, deepening existing business and capturing new lines of business in areas that are currently considered ‘unbankable’” (2014, p. 25).

We hope the WQAC’s submission is of assistance to the Committee in formulating its recommendations and we look forward to the outcome of the Inquiry in due course. In the interim the WQAC would appreciate the opportunity to meet with the Committee either individually or through the public hearings process.

Yours sincerely

NWQROC

RAPAD

SWQROC

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Mayor
Carpentaria Shire Council
Chair, NWQROC

Cr Tony Rayner
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