

7 August 2025

The Secretary  
Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
**CANBERRA ACT 2600**

Dear Secretary

The Australia Pacific Islands Business Council, Australia Papua New Guinea Business Council and the Australia Fiji Business Council are not for profit associations of business which advocate on behalf of Australian business interests in all the Pacific jurisdictions.

The Councils thank the Committee for the opportunity to comment on the Pacific Banking Guarantee Bill 2025.

This Bill is natural follow-on from the Pacific Banking Conference held in Brisbane in July 2024 convened by the Australian and United States Governments.

The Business Councils consider the provisions of this Bill a critical piece of policy infrastructure for maintaining an effective Australian financial presence in the Pacific and supporting continuing Australian business engagement in the Pacific, and to support a properly functioning financial services structure in the Pacific.

The Councils support the bill as it represents a commitment by the Commonwealth to provide support to Australian banks to maintain Australian banking arrangements in the Pacific which is essential for Australian business and is in Australia's broader interests .

The export of hundreds of millions of dollars in goods and services from Australia is currently facilitated easily through Australian Banks operating in the Pacific and the facilitation of two way trade through this banking system is essential. If this role were left to other Asian regional banks we would expect exports and two way trade would flow more and more from those other regions.

For Australian business to operate effectively in the region it must have confidence in the banking sector, and they will have the greatest confidence if they are dealing with Australia based banks.

The presence of credible full-service Australian banks in the region creates opportunities for commercial transactions to be supported by various well founded financial instruments which would not be the case if the credible Australian banks are not present.

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The expanded role of Export Finance Australia in recent years has been welcomed by the Business Councils, and plays an important role in supporting delivery of donor funded programs in the Pacific including especially those of the Australia Infrastructure Financing Facility (AIFFP). The provisions of this Bill provide further support for Australian business in the region.

Banking sector failures in the Pacific including a lapse in correspondent banking relationships with major economies such as the US will only invite substandard replacements.

The vast majority of the financial sector protections in most Pacific Islands Forum countries are similarly based to Australia, and it is in Australia and the Pacific islands Forum countries' interest to maintain this regulatory structure in good working order. The ability of the Commonwealth to lend credit to ADI operations in the Pacific is an extension of that.

Yours sincerely

(Frank Yourn)  
Executive Director