



RICK WILSON MP

Federal Member for O'Connor

Senator the Hon Matthew Canavan
Chair
Senate Rural and Regional Affairs and Transport
References Committee
PO Box 6100
PARLIAMENT HOUSE
CANBERRA ACT 2600

Dear Senator

As federal member for the 1.1 million square kilometre, entirely regional, Division of O'Connor I make the attached submission to the inquiry into bank closures in regional Australia on behalf of my approximately 180,000 constituents.

O'Connor encompasses 57 local government areas, more than any other federal electorate. The division stretches from the Peel and Southwest regions of Western Australia, through the Great Southern, Wheatbelt and Goldfields-Esperance regions to the South Australian border. Also encompassed are several remote Aboriginal communities whose lands adjoin the Northern Territory and South Australian borders.

The issue of bank closures in regional Australia is of prime concern across my electorate.

Your inquiry has certainly piqued interest, with more than 580 submissions received to date. Several of those submissions have been lodged from my electorate, including from:

- Ms Diane Colebrook of the Beverley Country Women's Association;
- Mr John and Mrs Vicky Fregon of Beverley Post News and Gifts;
- Mr Ian McCabe, Chief Executive Officer, Shire of Wagin;
- Councillor Gary Shadbolt, President of the North Eastern Wheatbelt Regional Organisation of Councils (NEWROC) that represents the shires of Koorda, Nungarin, Mount Marshall, Mukinbudin, Trayning and Wyalkatchem in my electorate as well as the Shire of Dowerin that adjoins O'Connor;
- Mr Ian McCabe, Chief Executive Officer, Shire of Wagin;
- Regional Development Australia, Wheatbelt WA; and
- Councillor David White, President, Shire of Beverley.

I also note that your committee held a public hearing at Beverley, in the Wheatbelt region of my electorate, on August 16, 2023. As you would be aware, executives of NEWROC and the shires of Beverley, Brookton, Quairading and Wyalkatchem, all representing LGAs in my electorate, gave evidence there.

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According to the committee Hansard of the hearing, you observed that it was “packed out [...] so obviously we have a big issue”. The many representations received by my office on the matter of bank closures in regional Western Australia lends weight to your conclusion.

I thank you for visiting my electorate and, if time permits at this late stage of evidence-gathering, I would encourage the committee to hold another hearing in a second region of my electorate to gauge views there.

In any case, I trust my attached submission will be of assistance in the committee’s deliberations, and wish the committee well in considering and reporting upon this very important issue for regional Western Australia.

Yours sincerely

RICK WILSON MHR
Federal Member for O’Connor
29 February 2024

Senate inquiry into bank closures in regional Australia

Submission by Rick Wilson MHR, Federal Member for O'Connor



INTRODUCTION

I present this submission as Federal Member for O'Connor, a 1.1 million-square-kilometre electorate that spans most of the southern half of regional Western Australia. O'Connor spans five Western Australian regions, the Peel, Southwest, Great Southern, Wheatbelt and Goldfields-Esperance. As a former wheat and sheep farmer, I have lived in the electorate all my life, originating from the Great Southern town of Katanning, and in recent years living in the electorate's largest centre, Albany, also in the Great Southern.

The electorate has long been a primary industries powerhouse, as a world-leading producer of sheep and grain, and a major hub of gold and critical minerals production. I can well remember the last several years of the era when the Australian economy was said to have ridden on the sheep's back, and the Great Southern and Wheatbelt regions were a very big part of that. During that era, rural communities of my electorate and the farming businesses that people ran were major contributors to the profits of the big four banks as we know them today.

Now, with mechanisation and farm consolidation, those communities are a lot smaller than they once were. This trend tends to consolidate the long-term settlement pattern of O'Connor, which has many low-density shires and towns, and is very different to regional areas of eastern Australia whose towns, regional cities and local government areas have many more people.

Where they still exist, branches of the big banks are vital contributors to the economic and social ecosystems of O'Connor's regional towns, cities and shires. The committee has already heard from constituents of mine that, when a town's bank closes, the economic viability of the entire town is imperilled. However, rural and regional people are made of tough stuff, and will not allow their towns to lie down and die. The former federal Coalition government through its many regional infrastructure programs, and WA Liberal-National governments through the innovative Royalties for Regions program, worked closely with rural and remote communities to regenerate, renew and refresh many of O'Connor's regional centres.

The following submission calls upon the major banks and other parties to take a similar approach to these Commonwealth and State initiatives by working more closely with regional communities toward mutually agreeable, innovative, solutions to the issues of rural depopulation and viability of banking services. Naturally, it is in the best interest of country towns that the regional operations of banks remain profitable. I believe that grass-roots collaboration with regional communities, rather than top-down edicts from banking executives in Sydney, Melbourne or Perth, is the best way to achieve sustainability in the regional banking sector. Specifically, I make three points, **bolded in blue below**, for the committee's active consideration.

BACKGROUND: INDUSTRY CODE AND BANK CLOSURE PROTOCOL

The Australian Banking Association's (ABA's) Banking Code of Practice, assumedly published in October 2021, commits banks to complying with the ABA's bank closure protocol for remote, rural and regional areas (Australian Banking Association, 2021, p. 15). The first sentence of the ABA's latest branch closure protocol, published in June 2023 (Australian Banking Association, 2023a, p. 1), states that "Australia and the world have seen a dramatic shift from a predominantly bricks-and-mortar method of banking to digital banking". By contrast, the first sentence of an earlier version of the protocol, apparently published in October 2015, stated: "The banking industry is committed to making sure that our personal and small business customers have access to banking products and

services to facilitate them completing their transactions in a timely, efficient and cost-effective way” (Australian Banking Association, 2015, p. 1).

The shift in focus here from the needs of consumers to the operational requirements of banks is lamentable, especially when one considers that the afore-mentioned commitment to “timely, efficient and cost-effective” banking has now vanished from the protocol. In observing that, I do recognise that the appendix to the 2023 protocol does commit banks to raising “awareness of” and assisting “eligible affected customers to open, affordable banking products and services such as basic, low or no fee accounts” (Australian Banking Association, 2023, p. 4). I therefore acknowledge that an attempt has been made in the latest protocol to address cost-effectiveness, if not timeliness and efficiency, which along with cost-effectiveness have been two issues identified by my constituents in the committee’s consultations to date.

I further note that a public consultation, undertaken by the Australian Securities and Investments Commission (ASIC) on changes the ABA has proposed to the above-mentioned banking code of practice, recently closed, on January 15 this year. In 2021, the ABA arranged for an independent review of the code, assumedly to inform the draft code that ASIC is now consulting on. Recommendation 31 of the code review stated, *inter alia*, that: “Banks should reinforce their commitment to consult with communities where branches will be closed, and where they have already been closed, to develop ways to facilitate access to banking services. This should include banks being innovative in how they can deliver banking services in the absence of branches, such as using technology for identification purposes rather than a customer being required to visit a branch” (Australian Banking Association, 2023b). I note that neither the draft of the revised ABA code of practice that ASIC circulated for consultation (Australian Securities and Investment Commission, 2023), nor the current branch closure protocol (Australian Banking Association, 2023a), refers to either the broad issue of innovation, or the specific example (i.e. using technology for identification purposes rather than a customer being required to visit a branch), recommended by the independent reviewer. Both innovation of services in partnership with local communities, and the specific issue of customer identification, have been highlighted by my constituents in representations to the committee.

Finally, by way of background, ABA’s current branch closure support protocol commits banks to “prepare and publish a branch closure impact assessment in relation to that branch, following the branch closure announcement” (Australian Banking Association, 2023a, p. 2). While the addition of an impact assessment that estimates the effect of a proposed bank closure on a local community would be a good development, the scope of such assessments, as published in the branch closure support protocol (Australian Banking Association, 2023a, p. 2), appears to be not so much a proactive assessment as a post-decision explanation. This points to an issue that constituents of mine have also raised with the committee over the timing of such consultation, which they and I believe should occur before any decision to close a bank is finalised.

TERMS OF REFERENCE

I note that the inquiry’s terms of reference are to examine the current extent of bank closures in regional Australia, with reference to:

- a. the branch closure process, including the reasons given for closures;
- b. the economic and welfare impacts of bank closures on customers and regional communities;

- c. the effect of bank closures or the removal of face-to-face cash services on access to cash;
- d. the effectiveness of government banking statistics capturing and reporting regional service levels, including the Australian Prudential Regulation Authority's authorised deposit-taking institutions points of presence data;
- e. consideration of solutions; and any other related matters.

This submission provides opinion with regard to terms of reference a, b, c and e, as follows:

a. the branch closure process, including the reasons given for closures;

I note from evidence presented to the committee in the O'Connor Division town of Beverley by Mr Robert Corey, Head of External Communications and Sustainability at Bankwest, that consultation on regional bank closures from Bankwest's perspective "is more that we have made a decision and we are consulting post that decision" (Commonwealth of Australia, 2023, p.3). Also in Beverley, Shire President David White highlighted that:

at no time did the ANZ consult with the community before the decision was made to close the branch [there in 2021]. And neither was there any effort to approach the shire or anyone else as to how we might help them to remain (p. 13).

Councillor White said he was "convinced that, if [... Beverley residents ...] had been given the opportunity, we could have instituted public meetings and had public community consultation [...]. He added that "any approach that we could have made to the ANZ to facilitate their remaining [in Beverley] would have been paramount [...] and we would have done all we could to assist them in that" (p. 15).

At the same hearing, Mrs Pat Hambly, President of the Beverley branch of the Country Women's Association, said: "We only got a letter in the mail to say: 'We are closing' – nothing to try to help us with anything else. Also at the Beverley hearing, Councillor Peter Smith, Shire President of Quairading, said he would not wish to be informed of any bank closure there after the decision had been made, adding that: "our community would support whatever it would take to keep our branch" (p. 15). Further, Councillor Quentin Davies, Shire President of Wyalkatchem, said that in 2021 the NAB branch there closed "with absolutely no consultation" after bank staff at "every level" in Perth had reassured him the branch was not closing. Asked by Senator Slade Brockman if the Wyalkatchem community had have had the chance to "rally around" to support continuation of the NAB branch, Councillor Davies said:

They actually did rally around and supported the bank that was there, with no thanks from the bank [...]. It's not only with banks. We did it with the butcher shop. We do it with the café. We do it with the IGA [...]. We absolutely would rally. But we were never given the opportunity. [...] it was a completely tight-lipped approach.

In their submission (Number 314) to the inquiry, John and Vicky Fregon of Beverley Post News and Gifts confirm that "no community consultation was provided by the ANZ bank" and that "only lobbying from the shire and community ensured a teller machine was left in town".

Moving from the Wheatbelt region of my electorate to the Southwest, the written submission (Number 91) of the Bridgetown branch of the Country Women's Association of WA states that:

Two years ago, Bridgetown had three banks. Now there is only one (BankWest), which operates on reduced hours [...]. Bridgetown's Commonwealth and Westpac branches closed very rapidly with no particular reason given and the cavalier attitude of: "oh well, you can always go to Manjimup [a 36-kilometre drive away] or Bunbury [a 94-kilometre drive away]."

With the above evidence consistently pointing to minimal, if any, actual consultation on bank closures in at least two regions of my electorate, I submit:

POINT 1:

That the committee consider recommending that when a bank proposes to close a branch in a regional or remote location it:

- **publicly provides a comprehensive draft impact statement of the likely economic, social and cultural affects of the proposed closure;**
- **undertake a full public consultation within the effected community as to what options it has or will consider with regard to keeping the branch operational; and**
- **publish a final impact statement outlining the efforts it has gone to in order to retain the branch, and feasibility of options presented by the community in relation to retaining the branch.**

b. the economic and welfare impacts of bank closures on customers and regional communities;

I strongly concur with the committee chair's summation at the Beverley hearing that: "the most important thing to take away from this inquiry [...] is that the bank means more to a town, normally, than just the people who go through the door" (Commonwealth of Australia, 2023, p. 11).

With regard to welfare impacts, at the Beverley hearing, evidence presented by Beverley Shire President David White was that upon closure of the bank branch there its staff, representing 2.5 FTE, were "kicked to the kerb" (p. 15). While this evidence of the impact on displaced bank staff is disturbing indeed, also at the Beverley hearing Mrs Kendall Galbraith, CEO of the Rural, Regional and Remote Women's Network of WA submitted that the impact of a bank closure is felt throughout the community:

The closure of banks is more than a commercial decision. It was clear, from our members, that branches represent a truth and trust that has a direct line of impact to our economic independence, mental health and wellbeing. The need for truth and trust is becoming paramount in today's online and encroaching AI world. The one place where we need truth and trust the most is our finances. (p. 26)

In this regard, the submission by Indigenous Business Australia (Number 208, p. 3) points out that the 2021 independent review of the ABA's banking code of practice reported that "the closure of

bank branches has caused significant concerns for some customers, particularly for Aboriginal and Torres Strait Islander people in remote areas, and older customers". And Submission 582 from the ARC Centre for Excellence for Automated Decision making and Society submits that "older Australians – particularly in regional areas – [are] more likely to be digitally excluded" (p. 7), Australians aged 55 years and over are less likely to have used digital banking recently (p. 12) and "the use of digital banking is declining or plateauing among [...] older age cohorts" (p. 12). The Centre for Excellence further submits that "remote first nations communities are particularly vulnerable to the negative effects of local bank closures" (p. 15). These observations are particularly relevant to the O'Connor electorate where Aboriginal and Torres Strait Islander people comprise 5.7 per cent of the population versus the national average of 3.2 per cent and the median age is 42 (versus the national average of 38) and every five-year age cohort from 50-54 upwards has greater representation.

Pertinent to economic impact, at the Beverley hearing Wyalkatchem Shire President Quentin Davies said a butcher shop jointly operated by him noticed an immediate drop in takings at the end of the first week the bank closed. Councillor Davies added:

We didn't think much of it at the start. Over a period of two or three months, it was obvious that was the trend. We were a minimum of 15 per cent down. Since then, we've also lost our café, which was next door to the bank, and the shop on the other side of the bank had the same issue [...] You only have to give community members half a reason to go somewhere, whether it is for a cup of coffee or to do the banking, and they will do everything else. We found that when the bank wasn't there people were heading for Northam (p. 22).

In his submission (Number 405), Shire of Wagin CEO Ian McCabe states that branch staff often become part of rural communities, and closure of branches has a "social and population impact with flow on for sports, education and connectedness" (p. 3). Councillor McCabe also submits that local bank branches are significant employers, with the closure of branches reducing primary and secondary employment opportunities (p. 3). Both Councillor McCabe (p. 4) and the Country Women's Association of WA Bridgetown Branch (Submission Number 91, pp. 1 and 2) note that diversion of business customers to larger towns, as has occurred in Wagin, reduces business productivity given the need to travel for routine transactions, and contributes to population drift away from smaller towns.

Further, the submission (Number 480) of Councillor Gary Shadbolt, President of NEWROC makes an excellent point with regard to the economic contribution of Australia's farming communities:

Banks should consider the economic contribution of businesses in our community make to the local, state and national economy. Their decision to close should not be based on numbers walking through the door. It should consider the account value of their clients and the role the service plays in the community.

For decades, the O'Connor electorate has seen much population drift from smaller towns to larger regional cities and metropolitan Perth. The former federal Coalition government aimed to address this issue through a range of programs that directly funded public works of regional local governments, including the Local Roads and Community Infrastructure Program and Building Better Regions Fund. Both these programs were discontinued by the Albanese government, with replacement programs tending to favour larger regional centres. Further, not enough is being done

by state governments to address depopulation of regional towns. One of the impacts is that bank branches in country towns are rendered less viable. For that reason, I submit:

POINT 2:

That the committee consider recommending that:

- **the federal government prioritise the initiation or restoration of programs that encourage infrastructure and other investment in smaller regional towns.**
 - **in an era where video-conferencing is now common-place, state governments give priority consideration to decentralising government departments from over-populated metropolitan areas to regional areas where populations are declining.**
- c. **the effect of bank closures or the removal of face-to-face cash services on access to cash;**

Removal of face-to-face cash services is the issue concerning bank services that constituents contact me most about. As an example, Mr Jim West, committee member of the Wagin Gun Club, reports that on closure of the NAB branch in Wagin the club moved its account to the Wagin Bankwest branch. Mr West submits that in mid-2023 the club was told that all corporate accounts had to be either shifted to the Commonwealth branch in the more populous town of Narrogin 50 kilometres away, or closed. He states that problems have since ensued with regard to access to a cheque account, the need to carry \$10,000 at the club's major annual event for floats and trophies, and with authorisations to access cash. Further, Mr West questions why community groups are treated as corporate accounts. He submits that all small community organisations in Wagin are now worse off due to NAB's changes.

Some of Mr West's concerns were echoed at the Beverley hearing by Councillor David White, President of the Shire of Beverley, who also stated that sporting and community groups have the burden of acquiring and holding cash for more extended periods of time for big events than before the town's bank closed (Commonwealth of Australia, 2023, p.13). Further, Mrs Caroline Robinson, Executive Officer of NEWROC, told the committee that banks are "passing their remit on to Australia Post" where not all previous services of banks are offered (p. 24). Mrs Robinson added that:

in the bush, cash is king. [...] The majority of our communities are run – the not-for-profit sector in our communities is substantial – as a cash system. It is not a card system. For the success of our communities, we need both. Cash is hugely important out here (p. 25).

At the Beverley hearing, Mr John Fregon of Beverley Post News and Gifts, which provides the post office service in that Wheatbelt town, reiterated Mrs Robinson's point about the range of services able to be offered:

[..] we are doing more banking transactions since the bank closed, but they're only basic things. There are lots of things, such as people needing to change PIN numbers, that we can't do to help them. We've had the post office for 18 years. Until about

15 years ago, we could identify customers to help them open and close accounts with the Commonwealth Bank; we haven't been able to do that for about 15 years. (p. 35)

Another problem identified by Mr Mattias Reck, a farmer from Dalyup in the Goldfields-Esperance region of my electorate, is the regular temporary closure of banks due to staffing issues. Mr Reck needs to travel a fair distance to conduct his banking in Esperance, and is inconvenienced when banks, which once kept very reliable hours, are closed unexpectedly. Feedback from staff in my Esperance office is that many other rural residents in the Esperance hinterland are similarly inconvenienced.

Finally, the submission (Number 323, p. 4) by Regional Development Australia Wheatbelt identifies non-standard deposit and withdrawal limits at Australia Post outlets as an issue.

POINT 3:

That the committee consider recommending that:

- **(as per a recommendation made by Regional Development Australia Wheatbelt in its submission) Australia Post work to standardise deposit and withdrawal limits; and**
- **when a branch closes in a regional area, the draft and final impact statements I mention in Point 1, above, include serious consideration of:**
 - **how and whether that branch's an ATM will remain in the town and how it will be serviced in order to supply a ready supply of cash to residents; and**
 - **how identification services can be maintained, so as not to require physical travel in order to have identification confirmed.**

d. consideration of solutions; and any other related matters.

I have offered proposed partial solutions to the mutli-faceted problem of regional bank closures in **Points 1, 2 and 3**, above. In doing so, I recognise that many other solutions have been offered by residents of regional Australia. I would respectfully request that every suggestion offered be given due attention by the committee.

I thank the committee for its consideration of my submission.

RICK WILSON MP

Federal Member for O'Connor

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