

31 March 2023

Secretariat
Senate Standing Committees on Rural and Regional Affairs and Transport
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Parliament House
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Dear Secretariat

RE: SUBMISSION INTO INQUIRY INTO BANK CLOSURES IN REGIONAL AUSTRALIA

I write to you on behalf of eight Regional Development Australia (RDA) Committees that make up the Northern RDA Alliance (the Alliance). The Alliance is the RDA representative group for Northern Australia, stretching from the Gascoyne in Western Australia to Gladstone in Central Queensland to the northern most points of Australia. The Alliance includes RDA Tropical North, RDA Townsville & North West Queensland, RDA Central & Western Queensland, RDA Greater Whitsundays, RDA Northern Territory, RDA Kimberley, RDA Pilbara, and RDA Mid-West Gascoyne.

The RDA network have an active and facilitative role to improve regional development outcomes, achieved through collaboration across all levels of government, private sector, and community. Invested in the economic growth and development in each of our regions, the Alliance supports the Australian Government's focus on building stronger regions, and in particular the agenda to develop Northern Australia.

Access to quality banking services in Northern Australia has a role in maximising community and economic outcomes and has significant influence and impact to the development of Northern Australia.

For the purpose of this submission, the Alliance will focus on points b, c and e from the Terms of Reference stipulated:

- 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;*
- e. consideration of solutions; and any other related matters.*



We acknowledge that individual members of the Alliance may provide a submission separate to the joint submission and welcome the opportunity to further discuss any of the issues and recommendations raised and contained in the following submission.

Yours sincerely



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On behalf of the Northern RDA Alliance
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INQUIRY INTO BANK CLOSURES IN REGIONAL AUSTRALIA

There are significant gaps in banking services across Northern Australia.

Case Examples:

In the **Kimberley region** (Northwest Australia) there are no branches in Halls Creek and Fitzroy Crossing with limited banking services provided through Bank@Post outlets and ATMs. There is 900km between Derby Kununurra branches.

The Local Government Area of **Coomalie Northern Territory** relies on Post Office Services or online services which are heavily impacted across the region by inconsistent telecommunications, both satellite and land line connections drop out several times a day. Coomalie is far from remote by Territory standards. All Territorians outside of the major population centres must rely on internet banking. It is the availability of internet banking which is the primary justification for the closure of bank branches, it is an unfortunate conflation of issues that the locations with small and dispersed populations are the first to experience reduced services, but they are also the locations with the worst connectivity and consequently limited capacity to turn to online solutions.

The Alliance acknowledges Northern Australia is a complex region for delivery of banking services due to several factors including lack of critical mass of population, low financial and digital literacy indicators, and lack of viability for service providers (market failure).

However, the closure and removal of services in many parts of Northern Australia, and in particular face-to-face cash services and access to cash, have significant impacts and effects to those living and working in the most remote regions.

- ATMs in small regional towns across the North regularly run out of cash with no other option for cash withdrawals in these towns. Pastoralists, tour operators, remote school staff, clinics and remote Aboriginal community members frequently experience lack of connectivity or road access. If outlets to distribute cash or transactions are limited, then purchasing food for a remote school is problematic; a community group having cash for an event is problematic; a parent having money for a school excursion is problematic; organisations paying to charter cash to remote locations to operate is problematic.
- Business and other service organisations carry risks associated with holding significant cash on premises in between scheduled Armaguard transport services.
- Personal and business loans (including mortgages) offered by financial institutions do not favour investment in Northern Australia. Loans, taxes, and insurance conditions are contributing to the high cost of living and conducting business in Northern Australia, and do not assist in addressing housing shortages or fostering private sector investment, project viability, start-up businesses, or adoption of innovation.
- Community members now rely on other organisations such as schools, Australia Post branches, health clinics and Aboriginal organisations for assistance with their banking needs in the absence of face-to-face customer service. This is an indirect form of cost-shifting and places considerable pressure on already stretched resources. Support is compounded in remote communities and



complicated with higher instances of customers without birth certificates, drivers' licences, or passports.

There are certain banking products and services that require or benefit from face-to-face transactions or specialised customer support. These include, but not limited to matters relating to loans, deaths, disputes, or basic opening and closing of accounts. The lack of readily available advice from people who understand the region and its population cohorts is leading to poor outcomes.

As acknowledged in the Regional Banking Taskforce Issues Paper, services are increasingly being delivered through internet and mobile applications often with little or no alternative options (e.g. My Gov, Centrelink, banking, prepaid utility access etc.).

With the interdependence of regional bank services and telecommunications in mind, it's important for the Committee to note the following:

- Mobile service, internet connectivity and accessibility are still problematic for many in Northern Australia and well below national expectations and averages.
- Telecommunications infrastructure needs to better deal with natural disasters and seasonal events. While the population is being encouraged to access online services and operate with less cash, power disruptions and outages in Northern Australia leave communities unable to use internet, eftpos, or ATMs for extended periods of time each year.
- Many remote communities share devices between residents and have unreliable telecommunications services, raising privacy and access issues. This is heightened when government payments are dependent on accessing these services.
- There is risk of the most remote Northern regions and communities being 'left behind' in a digital divide if telecommunication service provision is driven by telecommunication company commercial models in areas of market failure. State and Federal Governments will need to lead capital investments, service provision standards, and digital literacy programs in many parts of Northern Australia to ensure access to mobile and internet services meaningfully contribute to community and economic development outcomes.

Understanding that commercial models for banks will not support the operation of remote branches, means that gaps in Northern Australia telecommunications services are synonymous and cannot be decoupled with gaps in banking services.

Specific regional and socio-demographic awareness in delivering face-to-face, online and phone bank services is critical; not only for people with limited financial and digital literacy but also for customers and businesses investing in the North (i.e. better manage rather than avoid risk).

The geographic and socio-demographic profile of Northern Australia would benefit from an alternative specialised bank branch model with collocation opportunities with agencies such as Centrelink (Federal Government) and/or Department of Communities (State Government).



Case Examples:

In the **Tropical North Queensland** region, the very remote Aurukun Aboriginal Shire Council in Cape York Peninsula, acts as an agent for Bendigo Bank, while Kowanyama Aboriginal Shire Council acts as an agent for the Commonwealth bank, with the service operated from the Kowanyama Post Office. Local government has stepped up and offered sustainable models where markets have failed.

Further west towards the **Gulf of Carpentaria**, various banking services are offered through the Croydon Australia Post Office, which is a locally owned business. In this instance, private sector has filled the gap, however not all major banks are represented, thereby limiting choice for residents.

The Alliance welcomes the Inquiry into bank closures in regional Australia and encourage the Rural and Regional Affairs and Transport References Committee to undertake more extensive and direct public consultations in 2023 to maximise regional engagement on this important issue (similar to the methodology adopted by the 2021 Regional Telecommunications Review).

The Alliance trusts that the Rural and Regional Affairs and Transport References Committee will also consider the policy objectives the Australian Government's *Our North, Our Future 2021-2026: Targeted Growth* which reaffirms the Government's commitment to supporting resilient and sustainable economic growth and maximising Northern Australia's potential.

