

2024 ALGA National General Assembly

Submission from Shire of Ashburton, 246 Poinciana Street, Tom Price West Australia 6751

Shire contact: Ingrid Bishop, Acting Director Infrastructure Services

ingrid.bishop@ashburton.wa.gov.au; M – 0400 286 391

Category:

7. Community Services

Motion Subject:

Feasibility Study into a Local Government Bank of Australia

Motion:

This National General Assembly calls on the Australian Government to investigate the feasibility of establishing a Local Government Bank of Australia or alternative model for regional Australia, which includes how the local government sector can facilitate or deliver face-to-face banking services; and requests that the feasibility report findings are presented at the Australian Local Government Association 2025 National General Assembly.

National Objective:

As the Australian Government's Senate Standing Committee on Bank Closures in Regional Australia Inquiry continues, current banking data states that more than 2100 Australian bank branches have closed across the country since 2017, with regional areas suffering a 34% loss in branches.

With nearly 7 million people (approximately 28% of the population) living in regional and remote Australia, there is an urgent need to develop a practical and pragmatic solution that provides essential financial services, carries a more relevant risk profile, leverages not only the social license and tangible community trust experienced by the LG sector, but leverages the sector's mandate as a not-for profit, governing local community.

No access to face-to-face banking services results in limited to no access to cash / cash deposits and security; erosion of regional liveability; community vulnerability and inequality; limited to no financial/banking relationships or financial education; impaired financial literacy; and reduced access to financial information relevant for credit assessment and decisions for business and personal needs.

Regional and remote communities must not be marginalised and discriminated against due to their postcode and locality. There are innovative banking models used throughout the world that demonstrate that a structured solution is achievable and importantly, viable.



Key Arguments:

The Shire of Ashburton located in the Pilbara Region in West Australia, delivered 12% (\$39 billion) of WA's Gross Regional Product in 2022. Despite this immense economic contribution, the Shire's towns have been losing banking services. Since 2022, there is no physical banking presence across the entire Shire!

For the Shire, closures result in residents forced to travel to Karratha to physically access banking services - some residents travelling up to 9 hours. This is the equivalent of asking a Sydneysider who has a motor vehicle and is able-bodied to drive further than Canberra to do their banking. If they have a disability, or no access to a vehicle or public transport, their journey is unattainable!

The social, financial and economic impact of this accelerating inequality effects:


- Vulnerable community members
- Aboriginal peoples and their communities
- Sustainability and productivity of businesses
- Community safety, participation and wellbeing
- Survival of community groups and clubs
- Access to credit and other core financial services including insurance
- Reliance on technology already compromised due to the regional digital inclusion gap

The participation of the LG sector in a regional financial services solution needs to be researched and modelled. Potentially manifesting as a Local Government Bank of Australia (the Bank), the primary purpose of the Bank could be to provide essential community banking services in regional Australia. The Bank, guided by a social licence benefit could facilitate surplus funds reinvested back into local communities, and could be geared at higher risk levels to promote investment in regional communities, businesses, tourism etc.

There are numerous options to explore including sharing of LGAs regional assets, existing distribution channels, infrastructure, back-office functions and shop fronts including co-location of service providers and partnership agreements to deliver banking services and processing responsibilities.

Key benefits to having local government as part of the solution to accessible, relevant banking and financial services include:

- Funding reinvestment: profits invested back into local community/regions
- Liveability: retain and expand upon regional Australian's quality of life
- Regional equality and accessibility: closing the financial inclusion gap, changing the risk profile of banking services, increasing financial literacy and access to information and services
- Business and economic growth: access to credit, planning and relationship banking
- Insurance: addressing the unattainable goal of asset protection and wealth creation both financially and practically – a scalable, more equitable platform; providing alternative insurance options for communities and businesses

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- Workforce stability: attracting skilled migrants and people from metro and peri-urban areas. Leveraging the trend to move to regional Australia, addressing the crisis of regional workforce shortages
 - Utilising and leveraging existing local government assets and infrastructure
 - Providing a competitive advantage to the banking sector

Community leadership and innovation is at the core of local government with Council's strategically positioned to support and strengthen not only community, but the 3-tier system of government nationally. With "digital uptake, changing customer attitudes" and "a new branch is not be feasible" used as reasons for no local bank presence, the obligation of social license needs to be at the forefront of our thinking.

Endorsement of Council:

Refer Shire of Ashburton Submission to the Australian Government's Senate Standing Committees on Rural and Regional Affairs and Transport, Bank Closures in Regional Australia Inquiry. [Strategic Plans » Shire of Ashburton – Other Strategic Plans and Documents](#)

Please note that the May 2024 Shire of Ashburton Council Resolution will be sent through to ALGA in due course.