

12.2 Australian Local Government Association - National General Assembly, Bank closures across regional Australia

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Applicant or Proponent(s)	Not Applicable
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Attachments	Nil

Report Purpose

Council is required to consider the impact to the community of no face-to-face banking services in the Shire of Ashburton and ongoing closures of banks across other regional and remote communities nationwide.

The purpose of this report is to inform the Local Government sector through the 2024 Australian Local Government Association National General Assembly (NGA) of the significant and ongoing impact of bank closures in regional and remote communities across Australia; and to seek support from the NGA to call upon the Australian Government to take action to redress the issue.

Council is requested to continue to support the Senate Inquiry into Bank closures across regional Australia and advocate at the 2024 NGA for the Australian Government to support the development of a feasibility study into the establishment of a Local Government Bank of Australia or alternative model for regional Australia.

Background

The Shire continues to be a driving force of the Pilbara region and the West Australian economy, delivering 12% (approximately \$38.6 billion) of WA's Gross Regional Product in 2022. Despite this immense economic contribution, the Shire's towns, like many Australian regional and remote towns, have been losing essential services including banking. The Tom Price Westpac Bank branch, the only bank in the Shire, closed in 2022. There is now no physical banking presence across the entire Shire. Access to financial services is a vital component of the liveability of regional and remote communities.

In March 2024, BankWest announced closure of all 60 of its branches across Western Australia by the end of the 2024, which results in another 17 regional communities losing face-to-face services. The Australian Prudential Regulation Authority stated in December 2023, that more than 2100 Australian bank branches have closed across the country since 2017, with regional areas suffering a 34% loss in branches and the number of ATMs across the country also reducing by 50% in regional areas. In 2023 alone, 420 bank branches have closed nationally.

In November 2022, Tom Price community members and representatives from the business community joined the Shire of Ashburton for an open discussion on the closure of the Westpac Bank and the significant impact on the community.

A community bank model was discussed. Bendigo Bank was invited to discuss their community bank model however Bendigo Bank advised that it was not a commercially viable option.

National Attention

The impact of bank closures in regional Australia is being assessed at a national level. The issue has been at the centre of an Australian Government taskforce review and is currently under a formal Senate Inquiry.

Regional Banking Taskforce (2022)

The Local Government sector was represented by the Australian Local Government Regional Banking Taskforce, which brought together banks and other relevant parties to share information, assess the impact. Final report can be found here:

[Regional Banking Taskforce - Final Report](#)

Australian Government Inquiry - Bank closures in regional Australia (Current)

The Shire of Ashburton provided the attached submission to the Australian Government's Senate Standing Committees on Rural and Regional Affairs and Transport, Bank Closures in Regional Australia Inquiry.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/BankClosures

The Shire of Ashburton provided a second submission (below) to the Australian Government's Senate Standing Committees on Rural and Regional Affairs and Transport - Bank Closures in Regional Australia Inquiry in March 2024 at the Tom Price Public Hearing into Bank Closure in Regional Australia.

[Strategic Plans » Shire of Ashburton](#)

Australian Local Government Association National General Assembly (June 2023)

Motion 123 made by the Snowy Valley Council, NSW states that:

"This National General Assembly calls on the Australian Government to set in place appropriate legislation to ensure access to 'face to face' financial transactions through banks and/or building society branches in rural and regional areas across Australia"

Comments

The Banking Royal Commission's final report in February 2019, amongst several other compelling statements, headlined that many Australians do not have adequate access to basic financial services. The social, financial and economic impact of this accelerating inequality effects:

- Vulnerable members of our community
- 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 big four banks and large Community Bank-based banks are collectively a dominant force in the Australian banking sector and as a result, competition is lacking, risk aversion is evident and human inequality is fostered.

With 'digital uptake and changing customer attitudes' and 'a new branch would not be feasible' espoused as reasons for bank closures, the issue of social license is now at the forefront. 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 afforded to the LG sector but leverages the sector's mandate as a not-for profit organisation, governing local communities.

The possible 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 would be to provide essential community banking services and facilitate investment in regional Australia. The Bank, guided by a social licence benefit and operating as a not-for-profit organisation could facilitate surplus funds reinvested back into local communities, and could be geared at higher risk levels to promote investment in regional communities, businesses, and the regions.

Having this essential service ensures that regional Australia remains a real and viable destination for businesses, employees, families, residents and visitors.

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

- Funding reinvestment: profits can be invested back into local community assets and projects.
- Liveability: address the long-term impact of bank closures and centralisation, and the erosion of 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, products, and services.
- Business and economic growth: access to credit, advice, and relationship banking
- Insurance: fundamentally changing the unattainable goal of asset protection and wealth creation both financially and practically – a scalable and more equitable platform; and providing alternative insurance options for communities and businesses in regional locations
- Workforce stability: attracting skilled migrants and people from metro and peri-urban areas to relocate to regional Australia. Leveraging the trend to move to regional Australia and improving the regional experience whilst addressing the crisis of regional workforce shortages.
- Utilising and leveraging existing local government assets in regional communities.
- Providing a competitive advantage to the banking sector.

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 viable.

In regional Australia, LGAs already have the core elements in place – social license and the governance mandate, scalability, infrastructure, partnerships, expertise, capacity, and capability to resolve this escalating issue and in doing so, the LG sector can enable unprecedented social, community and economic reform across the nation.

Council aims to seek the support of local government’s Australia-wide to consider an alternative community-centric financial services model. A model that provides regional communities with what they need and draws on the sector to be agile and innovative in how it can invest in community. Council, through the 2024 Australian Local Government Association National General Assembly will advocate for the Australian Government to consider leading a feasibility study for a new community platform for banking services and investment across regional Australia.

Consultation

The following groups and entities have been engaged in the discussions relating to regional bank closures and future action:

- Ashburton Economic and Tourism Development Committee
- SoA Community Forum for Bank Closures
- Pilbara Chief Operating Group
- West Australian Local Government Association
- Australian Local Government Association
- Pilbara Zone

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	3. Prosperity - We will advocate and drive opportunities for the community to be economically desirable, resilient, and prosperous.
Strategic Outcome	3.4 Sustainable commerce and tourism opportunities
Strategy	2 Ensure Shire processes support the development of strong and sustainable local business opportunities.

Council Policy

[Council Policies » Shire of Ashburton](#)

Nil

Financial Implications

Current Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

Nil

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Reputation (social/community)	There is a risk to the Council's reputation if we do not act as the trusted voice for the region on important social and economic issues.	Possible (3)	Moderate (3)	Moderate (5-9)	Endorsing the officers recommendation will ensure the Shire leads further action advocating on behalf of the community.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be low.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to the impact of the closure of the Shire of Ashburton's last bank in 2022, and the ongoing closure of bank branches across regional and remote communities across Australia, that Council requests at the 2024 Australian Local Government Association National General Assembly that the Australian Government undertakes a feasibility study into the establishment of a Local Government Bank of Australia, or similar, to deliver face to face banking services in regional Australia.

