



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE

Bank closures in regional Australia

(Public)

THURSDAY, 2 MARCH 2023

SALE

CONDITIONS OF DISTRIBUTION

This is an uncorrected proof of evidence taken before the committee.
It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE SENATE

[PROOF COPY]

RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

Thursday, 2 March 2023

Members in attendance: Senators Brockman [by audio link], Canavan, Ciccone, Colbeck, Rennick, Roberts and Whish-Wilson

Terms of Reference for the Inquiry:

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.

WITNESSES

ANDERSON, Mr David, Chairperson, Committee for Wellington	30
BASFORD, Mr Anthony, Chief Executive Officer, East Gippsland Shire Council	24
BLORE, Mrs Tracey, Private capacity	57
BYE, Mr Ian, Mayor, Wellington Shire Council.....	30
CANNIZZARO, Mr Peter, General Manager, Business Excellence, East Gippsland Shire Council.....	24
ELLERY, Ms Myrna, Member, Finance Sector Union of Australia	41
FAIRWEATHER, Mr Trent, Deputy Chair, Committee for Wellington	30
GREEN, Mr Jason, National General Manager Operations and Effectiveness,	
Consumer Customer Engagement, Westpac Group.....	1
JONES, Ms Krissie, Executive, Retail, National Australia Bank.....	14
KAIROUZ, Mr Mil, Executive, Retail Regional Victoria/Tasmania, National Australia Bank	14
McIVOR, Mr Julian, President, Sale Business & Tourism Association	52
MILLER, Mr Ross, Chief Customer Engagement Officer, Westpac Group	1
MORCOM, Mr David, Chief Executive Officer, Wellington Shire Council	30
PIASENTE, Mr Steven, Chief Executive Officer, Latrobe City Council [by audio link]	36
REEVES, Mr Mark, Mayor, East Gippsland Shire Council.....	24
ROBERTSON, Mr Denis, Private capacity.....	57
STEPHENS, Mr Garry, former President, Yarram and District Traders and Tourism Association.....	52
STREETS, Ms Wendy, Local Executive Secretary, Queensland, Finance Sector Union of Australia	41

GREEN, Mr Jason, National General Manager Operations and Effectiveness, Consumer Customer Engagement, Westpac Group**MILLER, Mr Ross, Chief Customer Engagement Officer, Westpac Group****Committee met at 10:01**

CHAIR (Senator Canavan): I declare open this hearing of the Rural and Regional Affairs and Transport References Committee into bank closures in regional Australia. I thank the town of Sale for hosting us in this beautiful facility. I think it's better than the Senate. Thank you for having us. Today's hearing is a hybrid hearing with some senators and witnesses appearing in person and others appearing via teleconference. I thank all of the witnesses for appearing today, and thank you all for your patience as we manage the technology.

I would like to advise that representatives of the media have requested permission to film and take photographs of today's committee proceedings, and the committee has agreed to this. I remind the media that this permission can be revoked at any time and the media must follow the direction of secretariat staff. If a witness objects to being filmed or photographed, the committee will consider this request. The media are reminded that they are not able to take images of senators' or witnesses' documents or of the audience. Media activity may not occur during suspensions or after the adjournment of proceedings. Copies of Senate resolution 3 concerning the broadcast of committee proceedings are available from the secretariat.

I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence. Witnesses also have the right to request to be heard in camera. I remind all senators that, as we continue our work implementing the *Set the standard* report, as Chair I will ensure that proceedings are conducted in an orderly, respectful and courteous way.

Today we will hear from stakeholders involved in or affected by bank closures in regional Australia. We will hear from two of Australia's largest banks, representatives from several regional councils, economic development and trader associations and the union for the finance sector. The committee has allocated some time at the end of the program today for members of the community who wish to make statements. If you would like to make a statement during this session, which is scheduled for 2.30 pm, please speak to the secretariat staff on my right and register beforehand.

I now welcome everyone who has joined us here today. Before we start, I'd like to remind everyone that these are official parliamentary proceedings. A *Hansard* record will be prepared, and the discussions are being broadcast. Could I please also ask those contributing to the discussion that you do not divulge confidential, personal or identifying information when you speak. If you wish to supplement your evidence with written information, please forward it to the secretariat after this hearing, details of which can be found on the bank closures inquiry website.

If a witness objects to answering a question, they should state the ground upon which the objection is made, and the committee will determine whether it will insist on an answer having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera.

I now welcome Mr Ross Miller and Mr Jason Green from Westpac Banking Corporation. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. You now have the opportunity to make a short opening statement if you so wish. At the conclusion of your remarks, I'll invite other senators to ask questions. Do you have an opening statement?

Mr Miller: Access to banking services is critical to economic and social development. At Westpac our priority is always to offer our customers the best, most accessible service we can in both metropolitan and regional areas. What we are witnessing is a significant change over time in the way people are choosing to bank. Today, 96 per cent of banking transactions are now done digitally. When we think about what banking looks like in the future, we are thinking about how our services can be delivered in person, online, via an app, virtually or on the phone. It isn't that customers don't want to travel 100 kilometres to their nearest branch; they don't want to travel at all. They want to be able to do their banking at any hour of the day from the comfort of their own home. Our move to Digital First banking is one that is led by customer preference. Digital banking offers customers more products, better insights into their finances, greater and faster purchasing power, and in many cases increased security. Banking is not alone in responding to the onset of the digital world. Retail businesses around Australia and the globe are responding to changing customer preference and adjusting their business models.

The digital transition, which was accelerated by COVID-19, means we must invest significantly and continuously in improving and securing the digital services we offer. The reality is our overall investment in customer service is increasing, not reducing. In fact, our investment in customer service has never been greater. Last financial year alone we invested hundreds of millions in technology through our Digital First program. We recognise that not all customers are ready to move to digital banking. For a small minority going into a bank branch is still preferred or necessary. This means that, while there are fewer people using our branches, the absence of one can still have a significant impact on some. While the reduction in branches is something that has occurred across the entire sector, we recognise that in regional areas the impact is felt more. That is why we closely consider each and every decision about the future of our branches. The decision to close a branch is not made lightly, especially in regional areas. We consider a number of factors such as branch usage, customer demographics, location and proximity to other banking services, particularly our Bank@Post partnership service.

There are, of course, many hundreds of communities throughout Australia that currently do not have a bank branch or never have had a bank branch. That is why our Bank@Post partnership is critical and at the core of our regional and rural service strategy. This partnership provides our customers with over-the-counter transaction services in more than 3,500 locations across Australia. This includes 1,800 communities in rural and regional areas.

Westpac's recent changes to its branch network have also been driven by our new strategy to co-locate different brands within our group. Previously it was common for a Westpac branch to be located within a short distance of either a St George, Bank of Melbourne or BankSA Branch. As you would appreciate, this duplication decreases the resources we have to invest in other services for our customers. We are going one step further with this strategy and also digitally connecting our brands. This means for the first time in the Westpac Group from mid this year any St George, Bank of Melbourne and BankSA customer will be able to do their cash transactions at any Westpac branch and vice-versa. This program is significantly increasing the availability of branch services for our customers.

We acknowledge that as we implement our Digital First customer service strategy and our branch co-location program this has accelerated the number of traditional bank branches that have been closed across the group. Where there is a closure we offer a number of services to ensure customers can continue to bank with us, and these can include digital banking, telephone banking, virtual banking, mobile banking and, of course, our Bank@Post service is fundamental to this.

In closing, I can commit to the committee that Westpac supports the recommendations of the Regional Banking Taskforce, which was conducted across two governments with bipartisan participation from parliamentarians. The task force reviewed all of the matters we will discuss today and made detailed recommendations. We have accepted the task force recommendations and we are well progressed in implementing them. We will have these completed by 30 June this year. I thank you for your indulgence and welcome your questions.

CHAIR: Would you be able to table that statement? Do you have a copy of it there with you? Thanks, Mr Miller. The secretariat will get a copy of that. I have a couple of questions before I hand over to other senators. Given we're in Sale, I would like to drill down into what happened here over the last couple of months. Can you take us through the process you went through before making the decision to close the Sale branch? I realise I should recognise and welcome the fact that you have held that off in response to our request, and we appreciate that. But going back to that decision to close Sale, what happened? What did you do beforehand to speak to the local community before making a decision to close the branch here?

Mr Miller: We have a rigorous process around making any decision to change our operations across the Westpac Group. In my role, I'm accountable for customer service for all of our customers in retail and up to business for our small and medium enterprise customers. We think about the most appropriate way to serve those customers. In the case of a physical branch, we consider a number of factors. The most important is branch usage. Where we've seen a significant reduction in the way the branch is used, we have a look at that branch. But we take into account other factors such as customer demographics and what the customers are actually doing in that branch themselves, how they're completing their transactions and the types of transactions they're completing. When we reached the decision in Sale we'd been through what we believe is a very thoughtful process. We knew that in most regional towns, and in the case of Sale, over 95 per cent of transactions can be completed at Australia Post. We felt that we would be able to continue providing services to the people of Sale through our partnership with Bank@Post and through our other channels. We don't look at the branch in isolation, we look at the various channels that we have available for customers, whether it's call centres, digital or virtual, and how we can support those customers.

CHAIR: Had you or anyone in your team spoken to the local council or other business groups/representative bodies here in Sale before making the decision to close?

Mr Miller: In our process when we determine we are going to move to close a branch we don't engage with those stakeholders before announcing that to them.

CHAIR: I find that strange, because in Westpac's submission to the Regional Banking Taskforce, in speaking about decisions to close local branches, Westpac stated:

These decisions are never made lightly. They're made after careful consideration and consultation, usually in response to declining customer attendance.

What does the word 'consultation' mean, then, if you're not speaking to anyone locally before making the decision to close?

Mr Miller: We're using the data that we have about branch usage as our primary position for making the decision around the branch. I run a very large business. We have the second biggest retail network across Australia. I also rely on the advice from my state general managers and their understanding of the local areas, and we take that all into account.

CHAIR: When was the first time Westpac spoke to the local council around the closure of the Sale branch?

Mr Miller: We notified the local council in parallel to the—

CHAIR: By email?

Mr Miller: In this case we did it by email. This was one of our reflection points. We've already looked at that process. We were responding to feedback and decisions made at the Regional Banking Taskforce as to ensuring we were engaging with local councils and not just the state and federal MPs. I think in hindsight, looking at that process, we'll be changing that from simply an email to an actual conversation with those local councils.

CHAIR: Is that commitment for a conversation before a decision is made or just a notification that a decision is made?

Mr Miller: At this stage we would be making it to communicate that the decision has been made. But as you pointed out, we've postponed the decision in Sale and seven other branches that we announced this year. We're using that time to ensure that we review our process and review this decision we made about Sale.

CHAIR: My understanding is that you met with the council this morning; is that correct?

Mr Miller: They met with Mr Green.

CHAIR: That's the first contact you've had with the council around the decision to close?

Mr Green: Yes.

CHAIR: So, you're only speaking to them because we're here and having a Senate inquiry?

Mr Green: I spoke to them as we were in town. As part of my role, I don't notify the councils or federal government or state government. That's not part of my role. Given that we're in town, we took the opportunity to meet with the council, reflect on the fact that we advised them in writing around the original decision, and assured them as we move forward and reconsider the decision and work through the postponement of the Sale branch that we'll be continuing to communicate with them.

CHAIR: Are you or anyone from your team going to physically go to the other towns where branch closures are prospective—Ingham, Cloncurry, Tully? Are you travelling there at some point to speak to those communities?

Mr Miller: For all of the locations we have one of our state general managers or regional general managers attend the branches during the transition period. In regional—

CHAIR: No, my question is not about the branches. My question is: are you going to speak to the local councils and community in those towns, and physically go there? Do you plan to do that?

Mr Green: I don't plan to do that.

CHAIR: Do we need to have a Senate inquiry in every one of these towns so you can do that? You make billions of dollars in profits a year. Why can't you travel to a local country town and talk to them about a closure? Why can't you do that?

Mr Miller: Now that we have the postponement, we can take the time to engage with the councils.

CHAIR: You don't have plans to do that, though, you're saying?

Mr Miller: We're reviewing each of those branches during the postponement. We can put a step in—

CHAIR: Senator Roberts.

Senator ROBERTS: I have a follow-up question. Mr Green, you said it's not your role to do that. Whose role is it to do that?

Mr Green: In terms of the advice to stakeholders as it relates to government with a closure announcement our government affairs team advise.

Senator ROBERTS: A name, please?

Mr Green: In that case, it would be Richard Collier who attended the meeting.

Senator WHISH-WILSON: I have a follow-up question to you, Mr Miller, given you supervise this nationwide. My understanding is that Westpac has closed 55 regional branches or so in the last couple of years. Have you had any feedback from local councils in those areas through whether it's your state managers or otherwise around concerns about those previous closures? If so, why wasn't that incorporated, for example, in your closures going forward?

Mr Miller: In the last 18 months, my numbers are that we closed 48 branches in regional. So, over a couple of years, 55; it could be longer. We engage with councils for different reasons. Often we do banking for them. So, our engagement with them is in looking at alternative ways that a council can bank with us. Post the Regional Banking Taskforce, we absolutely embraced the recommendations that came out of that, and that involved better contact with councils; we've put in place that step. I think the reflection for us in our process is on how we better do that; that we communicate in person rather than written correspondence.

CHAIR: Senator Rennick.

Senator RENNICK: I note that the Shire of the Port of Wellington, which includes Sale and surrounding towns, has a population of about 48,000 people. It's well known there are about six million mortgage holders in Australia. So, about 25 per cent of the population has a mortgage. Given that you could make an assumption that about 10,000 to 12,000 people in the Port of Wellington Shire would have a loan, does Westpac make a profit on its Port of Wellington BSB, or area, or not?

Mr Miller: When we look at the performance of a branch, we're looking at many factors, not just the branch itself. If we look at a catchment like the Port of Wellington, which is a very important catchment, and we look at the way people bank with us. In fact, at this point in time we don't have a resident home lender here in Sale, and our customers have been very flexible and work with us to do remote consultation around their home loan. We do a lot of that virtually. I think one thing that's important in our observation of the move to more digital is whether you're in the Port of Wellington or you're in a metropolitan area we're seeing customers' behaviour be very similar. The reduction in branch usage here isn't dissimilar to a reduction in branch usage in metropolitan areas. We're seeing significant numbers of people no longer go into their metropolitan branches. As far as being able to support the customers, it is the other channels that we have to look at with the profitability of a catchment.

Senator RENNICK: But the BSB of the Port of Wellington would still be a profit centre, would it not? This is a profitable area? You make money on home loans and business loans?

Mr Miller: We don't look at the profitability of the BSB that way. We look at profitability in a different way, which is there are customers attached to the Sale branch, but we have a much broader base that's connected to this catchment area.

Senator RENNICK: If you didn't base the decision to close the branch in Sale based on profitability, what did you base it on?

Mr Miller: As to the predominant reason we looked to change the operations, which is the way we provide service in a local area—we're not saying we're not going to provide service here. We're very proud of the 10-year relationship we have with Australia Post. As I said, in most regional areas, 95 per cent of the over-the-counter transactions can be done at Australia Post. We think about the branches as more of a place that transactions could be done. We think about the Sale community and all of the channels they use—our focus on channels. For that reason we're wanting to invest more in those emerging virtual channels where we're getting demand from our customers.

Senator RENNICK: You said earlier that 96 per cent of your banking transactions are digital transactions. Is that including or excluding cash transactions from businesses that need to bank cash every day?

Mr Miller: On business transactions, for instance, if we look at what could be done at an Australia Post, the vast majority can be done there, under our arrangement—

Senator RENNICK: Sorry. Can you just answer the question? Does that 96 per cent of banking transactions that can be done digitally include cash or not?

Mr Green: In terms of the cash transactions that are occurring at a branch, and if we look at our Sale branch, approximately 95 per cent of the cash transactions that occur at the branch can be done at Australia Post.

Senator RENNICK: But you originally said they could be done digitally. You didn't say they could be done at Australia Post. So, my question is: does the 96 per cent of all transactions include Australia Post digital, or are you excluding Australia Post transactions?

Mr Green: We're excluding Australia Post from the digital transactions.

Senator RENNICK: With Australia Post transactions, what are their cash limits, for example?

Mr Miller: For Westpac business customers at this point they're able to deposit up to \$35,000 a week in five transactions up to \$7,000. We're currently in discussions with Australia Post as to whether we can have that extended. For our consumer customers, again, we would look at the transactions they do in Sale now, if we use Sale as an example. Some 96 per cent of those cash transactions could be done at Australia Post.

Senator RENNICK: There are a lot of older people in Sale. In terms of deceased estates, et cetera, can those be done at Australia Post?

Mr Miller: There would be certain elements that could be done at Australia Post. With a deceased estate we have dedicated teams that, even if the branch was here, would be supporting families in deceased estate transactions, which are a centralised service provider nationally.

Senator RENNICK: What about credit cards? If I lose my credit card, can I go to Australia Post and order a new one?

Mr Miller: If you lose your credit card, you'd be able to either digitally renew the card or call us and we can arrange a replacement card to be sent to you.

Senator RENNICK: With regard to bank cheques, sometimes you might purchase a car where you've got to make a deposit with a bank cheque. Is that something that Australia Post can do as well?

Mr Green: No.

Senator RENNICK: So, Australia Post can't do bank cheques. You'd have to go to the next town or move banks, effectively?

Mr Green: For a bank cheque that is a service that Australia Post would not be able to fulfil.

Senator RENNICK: I just want to touch on the fact that you don't look at this region in terms of profitability. When I used to work at the Bank of Queensland as a management accountant we had league ladders. We would look at each particular BSB or region and we would evaluate the profitability of each branch. We called them league ladders. I find it hard to believe that you wouldn't be looking at the profitability of a geographical area as opposed to just silos as well?

Mr Miller: I've worked with the bank for quite a long time, and there was a time that we would look at profitability around the BSB. I think now we're looking at all of the channels a customer uses. For this catchment we'd look at the profitability of customer segments and what's the best way to service them. When we look at the physical services that are provided through a branch, we're really looking at branch usage and what are the alternative ways that we can provide those services to customers.

Senator RENNICK: But there's a difference between service and usage. You still have to serve your customers when they need that personal service or are you just interested in the transactions with no service?

Mr Miller: I think it's more; I'm trying to explain that the weight we put to the customers attached to the branch and their profitability is not the way we think about our customer proposition at this point in time. The branch is one of many service channels. We look at all of the channels in combination to determine the best way to service that population.

Senator RENNICK: But are those service channels based in the city?

Mr Miller: We run a distributed business. Our service channels are distributed nationally.

Senator RENNICK: So, they don't give any credit to the local region?

Mr Miller: Yes, they do give credit to the local region. We look at the regional performance, but it's not hardwired to a branch.

Senator RENNICK: So, you do look at regional performance? Back to my first question: does this region make profit for Westpac?

Mr Miller: I'd have to take on notice the exact profit of this region and get back to you.

Senator RENNICK: Can you provide that?

Mr Miller: Yes, certainly.

CHAIR: Senator Ciccone.

Senator CICCONE: Recommendation No. 2 of the Regional Banking Taskforce that you cited in your opening statement was that banks should establish a process by which they should publish when they make decisions around bank closures and their impact, and that should occur by mid-2023. That should really provide very clear reasons to the community, such as where we are today, in Sale, about the closure and commitment to engage with customers and local government. My question to you is: what progress has your bank made on this recommendation?

Mr Miller: Obviously I was fortunate enough to participate in the Regional Banking Taskforce. We are very committed to the actions that came out of that. The impact statements, I agree, are a good way to explain how the decision has been made and what are the alternatives for our customers in that region. I feel confident we'll absolutely meet the time frame of June '23 and be able to provide the impact statements when we do make the difficult decision to cease operations in one of our branches.

Senator CICCONE: Yes, there is a requirement by mid '23, but why wouldn't you just do it now, given the questions we've had from the Chair, from Senator Renick and others no doubt today, and members of the community? I think it just makes sense, doesn't it, as a big organisation, whether it's Westpac, NAB, the Commonwealth or ANZ. Why aren't you doing it today? Just explain to the community the reasons behind the closure.

Mr Miller: I think particularly now with our decision to put a pause on any further regional branch closures we're using the time to review our own processes and ensure that those impact statements, when we make them, are clear and differentiated for every branch.

CHAIR: Will you prepare an impact assessment for Sale if you do decide to proceed with the closure here after the pause? Will an impact assessment be done for Sale?

Mr Miller: Absolutely, and for two reasons. Firstly, we had always planned to do that. Secondly, we'll be outside of the time frame.

CHAIR: That's right. You weren't doing one before, but you will now?

Mr Miller: Absolutely.

CHAIR: Broader than Sale, will that impact assessment include direct consultation with local communities before its conclusion?

Mr Miller: At this point our process doesn't involve consultation with communities before the decision.

Senator CICCONE: Will you also, just following on from that, publish that impact statement? Will it be made publicly available?

Mr Miller: Yes, that's my understanding.

Senator CICCONE: Branch closures in major cities obviously are happening and at an increasing rate. But the branches are far more, I guess, dense in the city when compared with the country. What's the density of bank branches in rural and regional parts of Australia? I don't know whether you're able to provide that data to us today?

Mr Miller: By 'density', can you explain—

Senator CICCONE: What I'm interested in is the number of branches that you have in regional versus the major cities. I'm trying to understand when we look at the rate at which city branches are closing versus the impact that has in the country, which is obviously much greater than the economic and social impact that has here in communities like Sale. I don't know whether you've got any data you're able to share with the committee that might be of benefit for us.

Mr Miller: As I said in our opening statement, we absolutely acknowledge the impact of closing a branch in a regional area is different from the impact of closing a branch in a metropolitan area. However, the trends we're seeing in both regional and metropolitan branches are similar in the way customers are using them less. As far as specific data points on the density of branches in regional areas, I'd like to take that one on notice. We can come back to the committee. Again, the way that we look at a branch individually is on the usage of that branch, the number of customers attached to that branch, and the demographics we look at for a specific regional branch are around that branch and the catchment, as Senator Rennick has pointed out.

Senator CICCONE: Recommendation 7 of the task force report also recommends APRA review the spread of authorised deposit-taking institutions. Has any of that work commenced or is there some work that's been done to figure out the density of ADIs?

Mr Miller: We haven't done any particular work within Westpac that I'm aware of. Mr Green?

Mr Green: I could not confirm that.

Senator CICCONE: If you could take that on notice.

Mr Miller: Yes.

Senator CICCONE: The report also states that major banks are reporting over-the-counter transactions have declined by around 68 per cent over the past five years. Obviously that's an average across the whole country. Has there not been a decline in over-the-counter transactions in regional and rural branches for your bank? I'm just curious to know what the average is with your bank in rural and regional branches versus the national average.

Mr Miller: In most instances we're seeing similar trends in both regional and metropolitan areas. The phenomenon is not particularly different in regional versus metropolitan.

Senator CICCONE: So you're saying it's around 68 per cent?

Mr Miller: That's not a Westpac number. I'd have to get you—

Senator CICCONE: I'm after a Westpac number.

Mr Miller: It would depend on what period of time—

Senator CICCONE: I'd appreciate that for over the last five years for regional branches versus city branches. Could you take that on notice?

Mr Miller: I can take it on notice. As to five years, I don't think we have a specific number.

Mr Green: We'll have to take on notice that period.

Senator CICCONE: Lastly, we talk about the quality of service, expertise, local knowledge and communication that is lost when a local branch like here in Sale goes. Those local branches or bankers have a lot of local knowledge. They understand the community. When you do close a branch as part of, I guess, your impact statement, do you also take into consideration the other impacts that it has in other local communities that rely on branches here in Sale or other regional communities?

Mr Miller: Obviously part of our impact statement—and thank you for the question—is that we will be able to articulate how services can still be provided to Westpac Group customers. The physical transactions I think we've covered in detail around what can be done at an Australia Post outlet. But as far as advice and support for the community, we're seeing a huge uptake in our virtual banking offerings, whether it be by our call centres, voice; and now video banking is taking off quite considerably. We're seeing a lot of customers wanting to adopt video banking. We're still confident we'll be able to provide a lot of the advice and support.

Senator CICCONE: My question goes to those that are socially disadvantaged, people like farmers, who obviously don't live in town and might be miles away, and small businesses that are struggling. As we've heard today and no doubt later on, they need to come into a branch to be able to talk to someone around those issues they're trying to grapple with. Are these part of your impact statements and considerations?

Mr Miller: Apologies if I haven't answered your question correctly. What we're hoping to be able to do or what we know that we can do is still provide that advice through virtual channels to that small business owner, to that farmer, whether it be via just voice through our call centre or via virtual interaction by video.

Senator WHISH-WILSON: You mentioned 48 closures. You corrected my 55.

Mr Miller: No, I think it would be the time period.

Senator WHISH-WILSON: How has that translated into retrenchments, loss of staff?

Mr Miller: If we look very specifically at that cohort, which we have done and we watch really closely, what I can tell you is that we've successfully redeployed 48 per cent of the individuals in those branches into other roles within the Westpac Group.

Senator WHISH-WILSON: But not within those communities where they were based previously?

Mr Miller: There will be some that will be doing work from home, but others will have relocated to other areas. There will be a mix. There's about 23 per cent, is it?

Mr Green: No.

Mr Miller: There are 28 per cent still in redeployment and looking for opportunities across the Westpac Group. They may have taken a secondment doing something in the short term, and we've retrenched 23 per cent of that particular group.

Senator WHISH-WILSON: As a matter of interest, is there any organisational structure underneath the retail division specifically for remote, rural and regional areas?

Mr Miller: As in how we support remote and regional?

Senator WHISH-WILSON: No, in terms of your corporate structure; you're obviously head of retail. Are there any subdivisions that deal with retail in remote, rural and regional areas?

Mr Miller: Within my portfolio, we obviously have a number of channels that can support areas in different ways. In most instances across Australia, even if they're very large regions, we'll have a regional general manager that's responsible for a particular area. But in particular when it comes to first Australians, as an example, we have an in-language call centre that is designed to support first Australians, and supporting that is a mobile team that can be deployed into remote locations. From a small business, business banking and agri point of view, many of our bankers are mobile and will go to towns from time to time but also do a lot of their banking discussions with customers virtually.

Senator WHISH-WILSON: I might come back to that if I've got time. You've framed it up today as it's been customer preferences that have driven this move to digital, this transformation that's happened across the bank. You've mentioned several times that you were part of the Regional Banking Taskforce. The Finance Sector Union's submission to that task force gave a number of accounts of staff who said it had been a deliberate strategy of Westpac over many years to convince customers to go online and not use the face-to-face channels. What are your views on that? Has this been part of a corporate strategy that's been driven at the heart for cost savings?

Mr Miller: I stand by the comments I made in my opening remarks that customer preference is increasingly to use channels other than our physical channels.

Senator WHISH-WILSON: But you're driving that, aren't you?

Mr Miller: It's not isolated to banking. It's all walks of life, the way we interact. What we've done throughout recent years is ensure that we're equipping our people to be able to coach and support our customers as they adopt digital banking. We do that so that, when people come into a branch, particularly if they've had to travel to a branch and it would have been more convenient for them to do something themselves remotely—we think it's not only our obligation, it's a customer service positive—we're able to show and educate people how to use our digital services.

Senator WHISH-WILSON: But at the heart of that is the corporate strategy to reduce costs and to transform your business and transition to using digital strategies. From your tellers through to your management chain coming up to you, Mr Miller, how are you incentivised in terms of your remuneration package? Do you get bonuses based on cost savings and the profitability of your division?

Mr Miller: I'm remunerated to provide good customer service to our customers. My role is the Chief Customer Engagement Officer. I do think taking the time to improve the experience of our customers by being able to coach and demonstrate how our digital services work is a critical part of what we do. It's a requirement in our banking services.

Senator WHISH-WILSON: You do say on your website that helping people is at the heart of your corporate values. What do you say to the people here today and the many who made submissions to the regional task force and have contacted the Senate that are customers of your banks and others that are unhappy with the fact that you're closing that human interface that they've grown up banking with all of their lives? What do you say to them?

Mr Miller: For those Australians who feel that way, that's why we're participating in this hearing. We want to hear from them. We want to respond. But we also want to make sure that we're opening up as many channels as we possibly can for our customers to be able to do banking with us. I'll default to: the decision we made last year to extend our partnership with Australia Post is so that for those customers who still want to do physical banking with us and in locations we don't have presence, we have a facility through that partnership to be able to provide services.

Senator WHISH-WILSON: How much do you think the pandemic has affected the numbers and the data you're using in the decision-making process to close banks?

Mr Miller: I wouldn't put a specific number on it, but there's no doubt the pandemic has encouraged people to adopt digital services that they may not have previously, and as a result they've seen the benefit of that and have maintained that way of banking.

Senator WHISH-WILSON: So you're saying that these exceptional circumstances have helped migrate people onto digital of necessity?

Mr Miller: There is no doubt that the pandemic created a reason why customers wanted to be able to explore other ways of banking with us and have adopted that.

Senator WHISH-WILSON: That is fair enough. But is it too early to judge that they don't necessarily still want to maintain the face-to-face contact with their branches that they've had traditionally? They may have had to do that because they were stuck at home or it was difficult for them to go out in public.

Mr Miller: We're seeing customers continue to utilise those services post the worst part of the pandemic.

Senator WHISH-WILSON: It's also been put to me that banks have restricted the hours that have been available to the public. For example, closing for a lunch hour or not being available for banking business takings at the end of the day; there's been a deliberate strategy over time to make these banks more inaccessible in terms of the regional branches. Do you believe that to be true?

Mr Miller: I'll answer in the context of Westpac. We've had very few branches that we've put on restricted hours. Obviously, the security of our people and the compliance standards we have in a branch mean that, if we have absences from time to time, we do have to modify operating hours and we do have to close for lunchbreaks, and we do that to stay within our compliance rules. But on the whole, where we operate a Westpac branch, we've maintained it to work the normal accepted banking trading hours.

CHAIR: Senator Roberts.

Senator ROBERTS: In 1975 Westpac had 777 regional branches. That was 28 per cent of the big four regional network. That number has shrunk to 186, a 76 per cent cut, yet the Australian population has increased 86 per cent. NAB in 1975 had 760 regional branches. This was 27 per cent of the big four regional network. That number has shrunk to 280, a 63 per cent cut, yet the population has increased 86 per cent. The Regional Banking Taskforce final report was released six weeks ago. Before the enforcement starts in July, banks have quietly closed or issued closure notices for 72 branches across regional, rural and remote Australia. That is nearly as many banks closed in 42 days than were closed across the entire year in 2021. I want to talk about the power of the banks. Who owns the banks? We know it's super funds and nominee companies. Could you take it on notice to tell me who actually owns the banks through the nominee companies, please?

Mr Miller: We definitely have to take that on notice.

Senator ROBERTS: Both NAB and Westpac.

CHAIR: You can probably only ask Westpac to take that on notice. This is Westpac. NAB is next.

Senator ROBERTS: I'm sorry. I thought Mr Green was with National. Could you take that on notice?

Mr Miller: Yes, certainly.

Senator ROBERTS: Justice Hayne in the royal commission said that the big four banks act as a cartel or he asked that question. When I chaired the 2017 inquiry into lending to primary production customers, I found the same thing. The products across the four banks are almost identical. There is no meaningful competition. I found a lot of dishonesty, a lack of care for customers and, as we heard from the Financial Services Union this morning, a lack of care for the people in the bank. What you're getting from the bank is an implicit taxpayer guarantee that the government will bail you out or bail you in; the four pillars cannot fail. That improves your credit rating. You're not allowed to go bankrupt. That gives you control of the market, which reduces accountability. The second thing you get from the government is a term funding facility that started in 2020—\$188 billion at 0.1 per cent from the RBA. You relend that at commercial rates, at five per cent, or back to the RBA itself at 3.35 per cent. That's risk free. The big four control the market, control governments; do you acknowledge that?

Mr Miller: On behalf of Westpac, I'm here today to talk about the way we provide service through our branch network and other channels—

Senator ROBERTS: Good.

Mr Miller: to the customers. As far as the way that we do that, we try to do that in the way that's most effective for that customer group. As I said, that's a combination of physical, virtual, digital and by the telephone. As I said, also, we're starting to see many customers opt in to video. So that's really the focus today. I'm talking about how we provide services to our customers.

Senator ROBERTS: That's good. I'm pleased to hear you say that. You've had very strong backing from governments for many, many years. That means you have an obligation to serve the community, not just in transferring cash to members who request it, but with other services that, as other senators have said, are vital. You're getting a very strong guarantee and support and control of the market through the government. I would normally say, if a company wants to pull out of an area, that's their business, but you've got an obligation to serve the community comprehensively, because you've got the power of the government behind you. You are getting a hell of a lot from the government. Why don't you recognise that responsibility to provide a comprehensive service?

Mr Miller: One of the things we're hoping to do by engaging today is to talk about the way we provide those services. Choosing to partner with Australia Post, which is also a government organisation, is one of the ways we'll provide services going forward. We know they have the strength of 3,500 locations across Australia where our customers will be able to bank.

Senator ROBERTS: In a paper titled 'The Australian Precedents for a Hamiltonian Credit System' by Craig Isherwood, who's in the Citizen's Party, he discusses the original Commonwealth Bank, which was formed in 1911-12. It provided a public bank to the people of Australia and small businesses. It got Australia on its feet economically and in world trade. Above all, it provided accountability, because there was a competitor there that wouldn't go away, similar to the North Dakota State Bank. Governments colluded over many years to get rid of that competitor and eventually succeeded. There is now a postal bank being formed. If Australian Post is now currently doing transactions on your behalf, cheaply for you, it saves you a lot of money, but the costs are being transferred to the taxpayer. We need a community service obligation in legislation to make sure you do your jobs in serving the community. What are your thoughts on that?

Mr Miller: Obviously it's up to the committee to make any decisions. But I feel that our decision to join the partnership with Australia Post for 10 years is part of our meeting a minimum standard for our customers. There are fees involved for the bank in using Australia Post. Obviously, they're commercial-in-confidence. We believe that's the right thing to do for our customers, to provide services where we don't have branches.

CHAIR: Senator Colbeck.

Senator COLBECK: I want to go back to the rationale around your decision making and the consultation that you talk about. Are there any benchmarks that you have in relation to the points you made in your opening statement about branch usage, location and proximity? Are there any particular benchmarks that are quantifiable in those particular items that you put on the record as your rationale for decision making?

Mr Miller: Yes. That's a good question, because it's not just a single isolated metric; we look within that metric as well. I mentioned more broadly, if we think about the branches as predominantly only being used for transactions, because that would normally be the way that we would look at a branch for potential closure. So it's not being used by customers for other banking services. Initially, low customer usage would be an indicator for us, but then we'd look at the types of transactions those customers are using the branch for and look at what are the alternative solutions for customers in that area so that we can invest in improving the channels where customers were previously using the branch and they're now using elsewhere. We don't look simply at customer usage. We then look at the types of transactions they're using and we come up with a recommendation based on that.

Senator COLBECK: I'll go back to Senator Canavan's point in relation to consultation. So you decide yourselves what the alternatives might be and then put them on the table? Because you're not consulting with the community as part of this process. Effectively, from what I can understand of your evidence today, the only people you're consulting with are yourselves. So you look at what's happening within the branch, decide how you might alternatively provide the service and then deliver a decision to the community?

Mr Miller: That's currently the way; you're right. That's currently the way that we reached the decision. We have incredibly strong insights and data around our customers and their banking usage. We are using that to primarily determine the decision. Again, if we use the example of the eight branches where we've postponed, there is an opportunity for us to review that process and think about whether there are different ways of doing it. But at this point we do not have a community consultation step before the decision has been made to close a branch.

Senator COLBECK: But if you're not talking to the community, how do you know what the community's view is?

Mr Miller: As I said, I'm fortunate that I have a very experienced team reporting to me. They'll be able to give me any local insights that are particularly relevant. But we are making a decision based on our customers' usage and how we can service our existing Westpac customers.

Senator COLBECK: But if the communities were happy with it, why are we sitting here? It would appear to me to be a pretty obvious question. We're getting representations from all over the country about this. You're telling us that the community's okay with this, and yet they're all sitting here in the audience and making representations to us as small communities all over the country. I'm not sure how the two things line up.

Mr Miller: I'm not trying to make an assumption as to what the community's opinion is about the decisions we make. What I'm explaining is the way that we make a decision around branch operations. Particularly in regional areas we have a long transition period where we're able to work with our customers and educate them around the alternative channels they're able to use. In particular, we've talked a lot today about Australia Post and what can be done there, but also the digital channels, the virtual channels and, as I said, the increasing uptake of our video channels.

Senator COLBECK: It really sounds to me like you're trying to drive interactions with the business in a certain direction, and theme of your statement this morning is around digital. I understand that. I get that. But it's not necessarily about consultation and choice, it's about where the bank wants to go with its business and how it wants to provide a service. And in some circumstances, as Senator Rennick has indicated, those services won't be available because they're not provided through the alternatives.

Mr Miller: We have a Digital First customer strategy, as I explained. As far as how we support our customers, we're investing significant amounts of money in digital and virtual channels. But we will always have branches present where it makes sense for us to have a branch.

Senator COLBECK: That's your judgement, not necessarily the community's judgement, because you're not consulting communities about what services they actually want, you're determining what you might provide based on your consultation with yourself, not with the community.

Mr Miller: Would you like me to answer that?

Senator COLBECK: I think that's a Tony Jones answer.

Senator WHISH-WILSON: There are certain cohorts in the community, like domestic violence victims, for example, with financial coercion. It's quite important for them to be able to physically access a branch and speak to a teller. I had a coffee this morning outside a branch. There was a fellow who looked to be homeless. I don't know. I presume he was. He said to me, 'Do you know what time it is?' I said, 'It's 9.30.' He said, 'Good. The bank's about to open', because he clearly needed to go in there. He didn't have a phone. He didn't have any money. He needed to access that branch and the person in there. That's actually a true story. There are people who do physically need a branch, but that clearly hasn't been part of your decision making?

Mr Miller: There are many customers that potentially could benefit from seeing someone face to face where we've never had a branch or there aren't branches available. Particularly when it comes to serious issues that customers need to discuss with us, such as domestic violence, we have other ways they can do that, particularly through our telephone banking services.

CHAIR: Senator Ciccone, I think you had one question, and then we're going to wrap up before 11.

Senator CICCONE: Could you please describe what post-closure support you provide to the staff?

Mr Miller: To our staff?

Senator CICCONE: Yes.

Mr Miller: Of course. Obviously, during the closure period, it is different in regional and metropolitan areas because of the timeframes involved. We consult with our staff right at the beginning of the process. Throughout that we ask for exploration of options for them. And then, as I mentioned, if we look at the cohort from regional, we've been able to successfully redeploy 48 per cent of them. Often we will release them from the branch ahead of that time if there's a new role available for them. We also provide support teams to work with the branches during transition, because it can be difficult to understand that there's going to be a change for the team inside the branch. So we have additional team members on the ground. If an individual is successful, they'll move to a new branch and we'll assist them with transitioning into their new role. As you heard, there's a—

Senator CICCONE: If they're not successful do they just lose their job?

Mr Miller: They won't lose their job, no. If the job is a different job we'll give them a period of time to be reskilled and trained. We then have a number of employees, as I mentioned, that are still in redeployment from that last round. Again, they'll have the ability to continue to job seek within the Westpac Group. And then, finally,

there is a group that have left the Westpac Group. They have benefits that come with career counselling and other outplacement services that are available to them as well.

Senator CICCONE: So no-one from Sale is going to lose their job from this branch?

Mr Miller: The decision around Sale is postponed. But, again, we have three great team members here in the branch. I've met them. Our branch manager, Linda, has worked all over the country for Westpac and enjoys the challenge. We've paused any conversations with that team about future opportunities.

CHAIR: Senator Rennick.

Senator RENNICK: Would it be possible to get a copy of the service level agreement between Westpac and Australia Post so that we can identify what services are actually performed by Australia Post in lieu of Westpac's closure or would-be closure and the margins on those services?

Mr Miller: We'll be able to provide a list of services that are provided by Australia Post. In terms of margins and the contractual obligations, that's commercial-in-confidence.

Senator RENNICK: Do you think given that you have a social licence and, as the other Senators pointed out, the need to deliver services that you should be able to retain that confidentiality? How do we know that you're not going to shaft the Australia Post licensees; that they're basically running at cost and making no profit while you get to skim all the profits?

Mr Miller: Our understanding is that the services they provide through banking are an important part of their framework and their model. We have good faith in the arrangements we have with Australia Post.

Senator ROBERTS: I have a quick question on notice. Why is Westpac's fee to Australia Post commercial-in-confidence as you said? It wasn't when Christine Holgate did the original deal in 2018. Is Westpac keeping it secret because it is paying less now? That's my question to you on notice.

Mr Miller: We'll take that question on notice.

CHAIR: Can you provide on notice the fees that you pay Australia Post? We'll ask them as well, of course, but if you could take it on notice.

Mr Miller: Thank you.

Senator WHISH-WILSON: Let's be clear, though, you're not legally required to work with Australia Post, are you? It's a voluntary arrangement?

Mr Miller: Yes, absolutely.

CHAIR: How many Indigenous people live in the Wellington Shire?

Mr Miller: I'd have to take that question on notice.

CHAIR: Did Westpac at all assess and check how many Indigenous people live in Wellington before making the decision to close the Sale branch?

Mr Miller: We look at the total demographic. I can't tell you specifically if we did on that occasion.

CHAIR: You can just Google it on ABS QuickStats. It's 923 people. On your website you say that your vision for reconciliation is one where you seek to achieve by listening to, learning from, partnering with and elevating Aboriginal and Torres Strait Islander voices. If you haven't even checked how many people live here that are Aboriginal, how is that in any way believable that you are actually committed to Indigenous reconciliation, if you're not even assessing how many Indigenous people live in the areas you're closing branches?

Mr Miller: As you have pointed out, our website says we have a reconciliation action plan. We are committed to the Uluru Statement from the Heart. As I mentioned already, I lead our Indigenous banking team. Our key focus for supporting first Australians is through an in-language call centre so that we can provide the right advice to Indigenous Australians. Obviously, the branch catchment is important to that, too. I do feel confident that the Westpac Group is committed to first Australians banking.

CHAIR: I'm leaving here today thinking the consultation that you're committing to is a Clayton's one, that you're not serious about two-way communication. I'll obviously have more to say. I'm sure we'll have you back during this inquiry. Can I also put a couple of questions on notice. I realise you won't have this information. Could we get a list of your bank branches as they exist today across the country? Is that possible, the addresses and locations? That will help with the density question. Could we also get the list of branches that you're still closing over the next year or whenever in the future? You announced, I think, 42 closures in the last few months. Some have already closed. And I believe it's eight that you're postponing?

Mr Miller: That's right. That's correct.

CHAIR: We welcome that. But there are still some yet to close. Could we get those that are to close and the dates of the closure? Thank you very much. Sorry we've kept you over time. You have committed to taking some questions on notice. If you could try to provide those by Friday, 10 March.

JONES, Ms Krissie, Executive, Retail, National Australia Bank

KAIROUZ, Mr Mil, Executive, Retail Regional Victoria/Tasmania, National Australia Bank

[11:01]

CHAIR: I welcome Ms Krissie Jones and Mr Mil Kairouz from the National Australia Bank. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. I now invite you to make a short opening statement, if you so wish. At the conclusion of those remarks, I will move to questions. Do you have an opening statement? If you could try and keep it brief; you can table it if it's lengthy.

Ms Jones: Thank you for the opportunity to make a brief statement. NAB appreciates that this committee is seeking to ensure Australians have access to appropriate levels of banking services across the nation. We share that concern and acknowledge the responsibility that we have to all customers. Banking, like so many other industries, is undergoing a significant transformation driven by rapid technological advancement and changing customer behaviour. The way we shop, get our news, work and learn is unrecognisable from 20 years ago. More of our customers are choosing to manage their finances digitally, preferring the convenience and accessibility of telephone, online and mobile banking.

Today, more than 93 per cent of our customer interactions occur digitally. Very few people are visiting a branch regularly or at all. Last year only three per cent of our personal banking customers solely used our branch network to conduct their banking. As an example, an average of 10 personal banking customers used our Roxby Downs branch every month last year. Meanwhile, the average NAB customer logs into our app or online banking 33 times per month. While the vast majority of consumers have driven and embraced this shift to digital, the challenge is to ensure customers in regional areas are properly supported.

We have invested in new premises in locations that more of our customers are visiting. Nationally, we have invested over \$70 million in 51 regional towns in the last three years, with more than \$30 million of further regional investment planned for this year. These upgrades have been completed in places like Mildura, Rockhampton, Dalby, Emerald, Thursday Island, Albany, Nagambie, Launceston, Corowa, Tamworth, and Mudgee, which just opened its new doors yesterday, and just around the corner here in Sale on Raymond Street.

Closing a branch is not done lightly and is made with consideration of the number of customers visiting the branch, the availability of alternative banking options and our ability to attract talented bankers to serve our customers. When a closure takes place, our local team works closely with customers up until the closure to ensure that they're aware of the banking options that will continue to be available. This can include continuing to bank in person at the local Australia Post office as part of our 10-year partnership, using telephone or online banking or having one of our business, agribusiness or mobile bankers visit at a time and location that suits them.

We also endeavour to provide a community banker when we close a branch in a regional area. This community banker is an NAB colleague who is based at the local post office for a short period of time following a closure to assist with transition to banking at Australia Post. Importantly, when we make changes to our branch network, all NAB colleagues are offered alternative roles with the bank. We've had great success in securing new career paths for our team members. Many roles which were previously city based have now been opened up to remote working arrangements to develop the careers of our colleagues in regional Australia. NAB has already implemented the vast majority of recommendations from the Regional Banking Taskforce that apply to us, and we're working with industry and government to implement the remaining recommendations by the mid-2023 due date. As we did with the task force, my NAB colleagues and I are pleased to participate in this inquiry.

CHAIR: Are you able to table that statement? Senator Rennick.

Senator RENNICK: I note you mentioned in your opening statement that usage has declined in the regions, here and I assume in other regions as well. Has profitability, though, declined in the regions as a result of the reduction in transactions? Given some transactions have declined in profitability, the margins might have actually increased because a lot of this has gone online? Assuming that profitability has increased, why can't you reinvest some of those profits back out here in the regions by moving back-end services, phone banking, et cetera, to these regional towns that drive so much of Australia's profitability?

Ms Jones: We have been investing, as I said in the opening statement, in regional Australia. We've had more than \$70 million invested over the last three years, with more than \$30 million continuing this year.

Senator WHISH-WILSON: Are you able to tell us what that's invested in?

Ms Jones: Yes, that's in branches and business banking centres, so hubs in places like Tamworth and Sale, with \$2.5 million in investment.

Senator ROBERTS: What is the net investment? You've saved a lot of money by shutting them down as well.

CHAIR: There will be time to come to you. We have limited time. Senator Rennick.

Ms Jones: Listening to your question earlier, we don't look at it as location by location profitability. Instead, what we consider is how we're serving our customers in those locations.

Senator RENNICK: I guess that's the problem. The reality is you're looking at it through the eyes of a spreadsheet or your management charts. These people do live by location. So it might be semantics for the management accountant back at head office, but the reality is for people on welfare and retirees and everything like that, they literally have to geographically travel from one town to the other. From prior witnesses, they're more focused on the number of transactions than providing the essential service of a banking service, which is critical to a geographical regional or country town.

Ms Jones: What we've seen over the last five years is that—prepandemic; it's been an ongoing trend—is really the way that our customers are banking has dramatically shifted. We've seen a reduction in our foot traffic into branches of about 66 per cent. So there's been significant change. The way that our customers are doing things is different. In regional towns, we're seeing people who might have previously banked in a smaller town travel to a place like Sale to undertake their shopping, to visit a mechanic and to see the doctor, and it's at that time we're seeing them also do their banking. I appreciate that we absolutely need coverage across Australia and we have entered into a 10-year agreement with Australia Post, which has 3,500 Bank@Post outlets across the country. We have extended the services in terms of face to face over that period of time. But of course there are people for whom we still need to make sure they have adequate access to banking services, too.

Senator RENNICK: In terms of the decline in transactions, has that been the case for business banking and small businesses in the town? I've been told there are 5,000 small businesses here in the shire as well as 2,000 farmers and agricultural industries. A lot of those businesses still need to bank cash and withdraw cash daily. Is that something you think the bank should do or is that something the post office can do? The post office only employs so many people to do the post. So at some point you're going to start squeezing services there, if all the different banks ask Australia Post, one outlet, to do the work of four major banks.

Ms Jones: We serve both our personal customers and our business bank customers, both in branch and also at Australia Post. For businesses, one of the things that we've introduced is the ability for a business to get business change at Australia Post of up to \$1,000 a day. That was something we were hearing from customers was really important, to continue to have access. Our business customers are able to be served both through our own branch network and also through the Australia Post offices as well.

Senator RENNICK: For the local school, for example, that has a fete on the weekend, they need more than \$1,000 cash. The feedback I get is that Australia Post can't provide adequate cash facilities in the same way that a bank branch can.

Ms Jones: We don't see as many of those complaints that you're referring to. From time to time there might be a specific issue and we work with Australia Post on that individual issue. We have extended our services, though. For example, the \$1,000 in business change is something that we did in response to the feedback we were receiving from our customers.

Senator RENNICK: Can we also get a copy of the services that Australia Post does on your behalf and possibly the terms and conditions of those services?

Ms Jones: Yes, absolutely.

CHAIR: Senator Whish-Wilson.

Senator WHISH-WILSON: How many staff have lost their jobs through your closures for regional, rural and remote?

Ms Jones: I'm really proud of the way in which we approach the opportunities for our team members. In every instance, we offer that person redeployment into an alternative role.

Senator WHISH-WILSON: In the community?

Ms Jones: It could be the next branch or it could be a different role.

Senator WHISH-WILSON: So not necessarily in the community where they live?

Ms Jones: For example, in Sussex Inlet, which we've recently closed, we have Naomi, who will be working from her home to support customers in financial hardship. We'll have Tracey, who will also be working from home but be able to do digital servicing through our NAB messaging platform. We've retained 97 per cent of our

colleagues through branch closures. In those cases where we haven't been able to find an appropriate role, it's normally because of the individual circumstances for that person rather than not having a role for that person to do.

Senator WHISH-WILSON: The regional task force looked at this issue in the last government. There were submissions from the Financial Services Union that over many years staff were encouraged to migrate people onto digital platforms and away from face-to-face service. Has that been the strategy at NAB?

Ms Jones: We have been asking our team to make sure that our customers are aware of all of the options available to them. What we saw, particularly during the pandemic, was that was never more important. Here in Victoria we had lots of lockdowns. It was really important that our customers could continue to access their banking. If they were only able to access the branch there was a risk that either they were unwell and couldn't travel to a branch or that we ourselves were closed because we couldn't staff it due to COVID. What we saw particularly is that it's really important customers do have alternatives. We opened up services and passbook customers were able to use Australia Post, for example, but we also made sure that our customers were able to use digital services. We had an example, in fact, of a 105-year-old customer who for the very first time came in to open an account so that she could use it online, because she needed to access her money. It's very important that people have options.

Senator WHISH-WILSON: You mentioned earlier that it's difficult to close branches and it's not a decision taken lightly. Why is it difficult? Is it because you get the feedback that you're getting in places like here today?

Ms Jones: Absolutely. These are decisions we opine over for a long time. We talk to our local teams. Often the people involved in providing input into these decisions work in these communities. These are colleagues that we work with, and they're also communities that people live and work in. We take into account a lot of the information, such as what's happened in terms of what our customers are doing and how they are banking. That's over a long period. So it's over a five-year-plus period that we look at. But these are difficult decisions.

Senator WHISH-WILSON: So you recognise the difficult decisions and that there are mixed views in the community?

Ms Jones: That's right.

Senator WHISH-WILSON: Not everyone is happy to go online, and some people are going to be disadvantaged. We talked about domestic violence victims earlier and other disadvantaged cohorts, first nations—a whole range of different people. I suppose it's a difficult question across different branches, but are you able to give us any indications of how much it costs to run a physical branch in a place like Sale?

Ms Jones: It really depends. There are a lot of factors that go into the cost of a branch. For example, there's the obvious costs around staffing, but there's also the costs around the property, the movement of cash into the location through our cash-in transit providers, the technology that goes with it, and the oversight that's required. There's a whole lot of costs, and it's not the same for anyone, and different locations.

Senator WHISH-WILSON: It's fair to say, given you understand there are some consequences to this, that there are disadvantaged customers; you are essentially doing this, to put it in technical terms, to enhance the present value of future cash flows. You're doing this for profitability reasons; is that correct?

Ms Jones: I think what we're doing it for is really to be where our customers are. Unfortunately, the truth of it is that many of our customers are actually going to other locations to do their grocery shopping, as I said, and to see the doctor. We need to be in the places our customers are going to be.

Senator WHISH-WILSON: So you're saying they're not going to be in regional towns?

Ms Jones: There are fewer transactions and less foot traffic in some of these towns, unfortunately.

Senator WHISH-WILSON: I had a look at your website, too, and your corporate ethos. I presume you have been there long enough to feel this ethos, that National Australia Bank is about more than money. I'm presuming it's also about your customers, communities, the environment and other things. Can you see why people are upset with banks such as yours? It does very much appear to be all about money and not providing those community services or obligations to communities?

Ms Jones: I understand there are different points of view and absolutely, as I've said, these aren't easy decisions to be making. But the fact is our customers are doing things differently and we need to stay relevant for our customers.

Senator WHISH-WILSON: You're driving those customers doing things differently, correct? It's been a very deliberate strategy, especially over COVID, to get people online, get them onto digital and discourage them from coming into these branches?

Ms Jones: We don't want to discourage people from coming in, but we want to make sure they have options available to them.

Senator WHISH-WILSON: But how do you do that? We found out today you don't actually really consult with the community. Do you consult with your customers?

Ms Jones: We undertake a review of a location and we do that ongoing, and we're always looking at how we reshape our network to reflect where our customers are banking, and we take input from our local teams. A few years ago, we did undertake a listening tour across regional Australia, which included 13 different towns. One of those listening sessions was here in Sale. That was done by senior executives at NAB. We listened to more than 400 community members across the listening tour and, based on that feedback, we've made changes to the way we go about it when we do make a decision to close. We have put in place changes such as the business change examples I used earlier to make sure that we were responding to that feedback.

Senator WHISH-WILSON: Have you accelerated branch closures over COVID?

Ms Jones: We have had periods where we have stopped branch closures in regional locations due to drought or other matters. During COVID we did make closures, but that was across both metropolitan and regional locations.

Senator WHISH-WILSON: Lastly, is your remuneration as an executive tied to, for example, closures of retail networks in rural, remote and regional areas?

Ms Jones: Like anyone at NAB, my remuneration and any variable reward is based on a balanced set of measures. It would involve cost measures, financial measures, risk measures and also people measures.

Senator WHISH-WILSON: Hence the royal commission recommendation.

Ms Jones: Yes, in response to the royal commission.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you both for being here this morning. Were you in the room when I asked questions of Westpac?

Ms Jones: I couldn't hear everything you said.

Senator ROBERTS: Let's just go to a cutdown version of the bank closures. From 1975 to today the number of bank branches from NAB has shrunk by 63 per cent. It's been cut by 63 per cent, yet the population has almost doubled. It's increased by 86 per cent. Since the release of the task force's final report six weeks ago—that's the regional banking task force—banks have closed or quietly issued closure notices for 72 branches across rural, regional and remote Australia. That's nearly as many banks closed in 42 days than were closed across the entire year in 2021. It seems like you're worried about the enforcement provisions that will come into place in July so you're getting in early. I'm going to go to the questions about the banks' power in this country. I'd like to know—take this on notice, please—who owns the bank, NAB? We know the super funds do, but we can't find out the ultimate owners of the bank because they're in nominee companies. I'd like to know who actually owns the bank, please.

Ms Jones: In our annual report, we publish our top 10 shareholders, but we can look to get that additional information for you.

Senator ROBERTS: Thank you very much. I mentioned to Westpac that the big four banks are seen to be acting as a cartel. I led an inquiry in 2017, with Senator Williamson as deputy chair. We saw that the four big banks' products were almost identical, which tells me something about the banks' actual market power. Justice Hayne said in his royal commission that the banks act as a cartel, or he asked that question. We see a lot of dishonesty; that's what I've seen from the committee I chaired, a comprehensive lack of care for customers. We've heard from the Financial Services Union this morning or a member of the union that the same applies to people, that is, a lack of care for people. Taxpayers through the government have given an implicit guarantee, which means you can't fail. That's a hell of a reduction of risk. You've also got a term funding facility which gives you guaranteed profit, extraordinary profit. We also know the banks control the market and have controlled government for decades. We also know that the Australian Banking Association code of practice basically has no provisions that are enforceable. The Regional Banking Taskforce has been ignored. The Australian Banking Association code, coming back to that, is too loosely worded to be enforceable. APRA and ASIC have shown they have no teeth. So you're playing in paradise.

Ms Jones: On one point you've made there, just in terms of the Treasury task force recommendations, we have implemented the recommendations that sit with us, including the publication of the fact sheets when we are making the decision to close, which we've done since September last year.

CHAIR: Is that the impact assessment? When you say 'fact sheets'—

Ms Jones: Yes, and they are available.

CHAIR: Do you have that from APRA?

Ms Jones: Yes, we do.

CHAIR: Do you have that on you?

Ms Jones: Yes, we do have one. It's on NAB.com.au as well.

CHAIR: You don't have it physically with you that you could table?

Ms Jones: I do have a copy.

CHAIR: If you could table that, that would be helpful.

Senator ROBERTS: So what you've got is a guaranteed risk-free return for making extraordinary profits? The big four banks make extraordinary profits. Those provisions exclude, and are not given to, smaller banks or other banks outside the big four. You're given market power. We used to have the original Commonwealth Bank, not the current Commonwealth Bank, as a publicly owned bank. That provided more than just benefits to Australia's economy in the early days of this country; that provided accountability against the private banks. That's no longer in place. So you've got no real competition, you've got extraordinary powers and market power through the government. You've also got basically Australia Post for transactions in rural areas. I think maybe Senator Rennick asked this question. If he did, that's fine. What is your fee to Australia Post these days?

Ms Jones: We pay a community service fee.

Senator ROBERTS: What is that?

Ms Jones: It's \$15 million a year, as well as then additional fees per service, which is commercially sensitive.

Senator ROBERTS: Why is that commercially sensitive when the taxpayer is paying for it?

Ms Jones: We negotiate with Australia Post on our commitment for 10 years.

Senator ROBERTS: So why is it commercial-in-confidence?

Ms Jones: Because we have an NAB-Australia Post agreement, but we can provide a copy of that with the relevant parts redacted.

Senator ROBERTS: I'd like the relevant parts not redacted, please, because I'm asking on behalf of the taxpayer. That's who I serve. Why can't I get that for the taxpayer?

Ms Jones: I think you'd appreciate that it's commercially sensitive.

Senator ROBERTS: We need community service obligations because you've got no real accountability in this country. Lastly, I went to the Australian Banking Association conference last year, and every single speaker from memory mentioned the digital world or something like that. We've also got Westpac this morning talking about Digital First. You've talked about digital. There are conventional services that cannot be digital, like face to face. We cannot make them digital. We need to make sure people have access to cash. Without cash, we're under control. I'd like to know how you can make sure that our current cash transactions won't be supplanted by digital currency.

Ms Jones: That's a broad question. We continue to offer cash for our customers. That's available through our branch network and also through the Australia Post services as well as at our ATMs.

Senator ROBERTS: You won't tell me about the fees for that through Australia Post? You won't give me the amount?

Ms Jones: I can talk to you about that; for our customers and our personal banking customers, it's fee free, and for our business customers it remains the same as if a customer was using a branch.

Senator ROBERTS: You're paying the taxpayers for that service?

Ms Jones: I don't think I'll be able to answer your question adequately.

Senator ROBERTS: So you're getting not only protection from the taxpayer overall to make you a risk-free money printing machine, you're also getting a subsidy from the taxpayers for using Australia Post facilities, which are taxpayer assets?

CHAIR: Thanks, Senator Roberts. Senator Colbeck.

Senator COLBECK: There has been a bit of discussion this morning about movement in customer practice during COVID and not necessarily customer choice, but it's forced because of circumstances in various parts of the country, and a lot of that is going to digital. We've seen that in a whole range of things—meetings and even

this process went to a digital process. I've got to say, I prefer this than that. Have you seen any movement back to what might have been regarded as traditional practice within your business not just in regional areas but more broadly where people have gone back to a more face-to-face or manual process rather than digital post-COVID? Or is it too early to make a measurement of that yet? I was looking at some of your numbers for Maffra, and they were quite low in '22. But as people start to move again, have you seen any change in your stats?

Ms Jones: I'll get Mil to talk to Maffra. But generally the decline has continued and the change has continued. An example of that is the number of video appointments we do now compared to during the period of COVID. We still see that at very high levels; that's for our home lending conversations. The vast majority of those continue to happen via video or over the phone. There's been this really consistent shift in all of the ways our customers are banking. It hasn't stopped since we've ended lockdowns, and the response to COVID.

Senator COLBECK: Is that due to visit availability or choice?

Ms Jones: It's both. I think it's more choice, really, because people are finding it really convenient. You can sit on your couch and have a video conversation with someone at different times of the day. We have colleagues in WA who service our east coast for extended hours. You can sit on your couch at 10.00 at night in Victoria and be served by someone in WA. That convenience factor is just really different. We have examples such as a new mum. Her baby might be sleeping in the afternoon, and she can do these things sitting at the kitchen table rather than needing to pack up the new baby and take them into their local branch. That convenience factor has just continued in the way that people have changed the way they bank.

Mr Kairouz: With respect to Maffra, we do consider the last year broadly, but in the case of Maffra the last five in terms of transaction volume have reductions. The reality is it has been consistent in terms of that reduction, and the 66 per cent we've seen with branches more broadly across our network.

Senator COLBECK: You mentioned the listening tour. What were the key learnings? What were the key things that listening tour told you?

Ms Jones: There were five key themes that came about through that listening tour. I should say that during that period we had an adviser in John Anderson, former Deputy Prime Minister, to make sure that we were really taking into account regional Australia. There were key things that we needed to do, which was to improve access to banking services. Our response included the Bank@Post commitment over 10 years. It was also around how do we show up when there are unique challenges in regional Australia? We have a really strong agribusiness bank presence in regional Australia. Across the country we have 774 business bankers, many of whom go onto property or onto farm to talk to those customers, making sure, particularly in periods of difficulty, that we're able to continue to support, that we also manage customers and support them through hardship, that we continue to support regional economies, both in terms of employment opportunities and in terms of the local economy, and that we continue to see the bank as part of the local fabric in communities as well.

Senator COLBECK: You'll hear a lot of expression of impact from witnesses today around regional bank closures. How do you measure the impact of a bank closure in a community once you've gone?

Ms Jones: The things that we take into consideration are what we see over time in terms of our customer retention and whether or not we've been able to maintain the number of customers from that location, as well as the way in which our customers continue to bank and how they're going about that. They're some of the key things that we look at.

Senator WHISH-WILSON: Did you lose many, just out of interest? How sticky are they once you close a branch?

Ms Jones: Most customers remain with us—well over 90 per cent.

Senator COLBECK: What are the options for them if not with you, though? Do they have an option, and what are the costs for somebody to make a change?

Ms Jones: It's actually never been easier to switch banks. We're seeing that right now in our home loan customers as people are coming off fixed rates. There are options, and it is competitive in the marketplace, so people do choose to change if they'd like to.

Senator COLBECK: A home loan is one thing; business is another. What's the movement in business?

Ms Jones: I don't specifically have that, but we can look to provide that to you.

Senator COLBECK: I'd be interested in that. Thank you.

CHAIR: Senator Ciccone?

Senator CICCONE: I've just got a couple of questions. I know we've got limited time. I know in your opening statement you talk about working closely with customers. Does that include local government?

Ms Jones: We do work closely with local government. For example, if we're making the decision to close, we do inform the mayor of that decision, as well as MPs so that they're well informed too. Then we do take on feedback, and if we need to do something different in that community, we will do that. An example of that would be when we closed our branch in Murgon. We worked with local stakeholders to really make sure that our approach was nuanced for Murgon, including engaging with local elders and having local language in our communications and on radio as well.

Senator CICCONE: I don't know if you heard earlier my question around the Regional Banking Taskforce's recommendation No. 2 around the impact assessments. Is that something that you publish now regularly in the lead-up to every branch closure?

Ms Jones: Yes. We've done that since September.

Senator CICCONE: How much notice do you give a local community or the local government—the mayor, for instance—when you do make that decision? Does it go out straightaway or a couple of hours before?

Ms Jones: We aim to connect with the local mayor on the day that our customer letters are going out. With the local MPs, it's usually the day prior. In terms of our customers, in regional communities we provide 12 weeks notice, but there have been times, such as in Barraba, where we've then made a change because there's been a local show that's pending, so we've changed the dates to be able to make sure that we can support that.

Senator CICCONE: When you do close a branch, what support do you provide to those staff?

Ms Jones: As I mentioned earlier, we offer redeployment opportunities for all of our staff, and we've had really strong retention, but we do also support them in terms of making sure that they're really familiar with the services that are offered. For example, at Australia Post just this morning, Sharon, our branch manager in Sale, has had our Maffra team in the branch, talking through what options are available for those customers to use. We want to make sure that our team are really well equipped. It's tough when we're closing a branch and tough for those people—

Senator WHISH-WILSON: You are closing the Sale branch, are you?

Ms Jones: The Maffra branch.

Senator CICCONE: I just want to go on from one of the questions that Senator Whish-Wilson asked. I understand there may have been an old program—I think something called 'future of retail'—which had your staff encouraging customers to move to online platforms or showing them how to use ATMs and other online devices. Is that something that's still ongoing within the NAB?

Ms Jones: Like I said earlier, we do make sure that our customers know what options are available to them. If I use the example here at Sale, we want to make sure that our customers know that they can use the ATM lobby after hours, 24/7, but also that customers know that, if they want to deposit a cheque, they can do that on their phone. We want people to know what options are available to them. It's really important that our staff offer that.

Senator CICCONE: I guess my next question really is: do the staff have as a target that every time a customer comes in, they need to speak to that customer?

Ms Jones: What we do have is that we ask people to make sure that our customers have those services available to them and that they have them set up so that, if they can't make it to a branch, they're able to continue to do their banking.

Senator CICCONE: So, if I walk into a branch, I'd expect someone to talk to me at least around your digital platforms.

Ms Jones: Yes, correct.

Senator CICCONE: Alright. That's all I've got, Chair.

CHAIR: Be very quick, Senator Whish-Wilson.

Senator WHISH-WILSON: I was just interested in whether you have closed branches independent of what other banks are doing in that town. Are there any examples where you've been the sole bank and closed or have been the first bank to close? Do you watch what other banks do?

Ms Jones: We do look at which competitors are in a location. But, really, we're looking at what our customers are doing, and that's what's really relevant when we make a decision to close. It's how our customers are using our services.

Senator WHISH-WILSON: So you haven't made any decision about the Sale branch then? Is that under consideration?

Ms Jones: We just reopened Sale last year. We've made a \$2½ million investment. It's a beautiful branch here on Raymond Street with a great team. We've got Sharon, our branch manager, and a great team here to serve our customers.

Senator WHISH-WILSON: That means you're doing a better job than Westpac, presumably, if you've reinvested. That's interesting. I am a customer of NAB, by the way. I must declare a conflict of interest.

CHAIR: Thank you for the disclosure, Senator Whish-Wilson. With the Maffra closure, will any of the employees there be redeployed to the Sale branch, given its proximity?

Mr Kairouz: Yes. We're currently working through different options for our colleagues in terms of what their preferences are.

CHAIR: Maffra's not closed yet, is it?

Mr Kairouz: No, it's not closed yet. It will be closed in May. So we're currently working through that process. Touching back to what Krissie called out, in terms of that deployment strategy for our colleagues, for me it's something that I'm really passionate about. In the past it's been difficult for our regional colleagues to obtain opportunities in an otherwise head office dominated environment. Through opportunities like deployment, we are able to talk to them about different avenues and ways in which we can support their career and career development and different roles that they can undertake as opposed to tellering. That's landed well for a lot of our colleagues.

CHAIR: I just want to drill down into this impact assessment. I think I've got it in front of me. It's a three-page document, I think, on your website: 'NAB Maffra Agency is closing'—that's the statement.

Mr Kairouz: That's the one, yes.

CHAIR: I think what you said is that you only spoke to local government after this was finalised. Is that correct?

Mr Kairouz: Correct.

CHAIR: Did you speak to anyone else in the local community before the impact assessment was finalised?

Mr Kairouz: No, we didn't.

CHAIR: So the impact assessment is a desktop approach? You just look at the stats and data that you've internally got. Is that the process?

Mr Kairouz: Our process, ultimately—it's part of my role—is to engage with our local staff and communities as we are out and about. So we are not making decisions from an ivory tower, effectively. We are in the community. We are connecting with our people. Our people work and live in these local communities. So, by way of consultation and that involvement and understanding of how—

CHAIR: But this is not really consultation. It seems to be an abuse of the English language to call this 'consultation'.

Mr Kairouz: I understand that. Our staff members are also members of the community, and they also—

CHAIR: But they don't know. They only find out that you're closing it the day before or something too, right?

Mr Kairouz: Days before.

CHAIR: Right. So they're not involved in the decision, as such.

Ms Jones: I will just clarify. When we're looking to make a decision to close, there are internal people who are part of that discussion, and many of those live in these places. For example, they could be living in Gippsland but not Maffra specifically. So we do listen to our own team members around what the nuance is for each location. But what we're trying to do is to make sure that we're investing in the places where our customers are—for example, here in Sale.

CHAIR: Well, I think we're going to drill down into this a bit more as a committee. There seems to be a deficiency here, in my respect, from what was promised in the Regional Banking Taskforce and what seems to be being delivered on the ground. It seems like a tick-a-box exercise, and I applaud you and welcome the fact that you are doing these assessments for others, but it really is just a spreadsheet, basically, without a lot of local knowledge.

Finally, other banks have paused their closures during this inquiry. I believe you have not. Why is that? Why won't you stop closing the branches, or at least pause them, while we hear from local communities around Australia about their experiences?

Ms Jones: We're continuing to reshape our network over this period. As I've described, we did undertake a listening tour and took on board community feedback. We do make changes, such as the fact sheets that are now available. But we've got another \$33 million planned for investment this financial year. So we are committed to investing in regional Australia, and we are reshaping the network to be where our customers are.

CHAIR: Have you or anyone had a discussion with the CEO of National Australia Bank about the Senate committee's request to pause these closures?

Ms Jones: Yes, I have.

CHAIR: And the CEO has rejected that?

Ms Jones: Our CEO is committed to making sure that we are where our customers are, and that means continuing our investment.

Mr Kairouz: If I may, Senator, there are also logistical and practical challenges that are isolated to different sites. Maffra, for example, for us, has been one that we've struggled to staff, honestly and realistically. We had a four-month campaign where we were recruiting for talent in our local area. We had been lucky enough to be blessed with two fantastic colleagues in Claire and Fiona over the last six months. We had been training them up, but there had also been some different circumstances that have meant that our consistency of service has been impacted. That inconsistent service has meant that a number of our customers have been using Sale, as they had previously, but we felt that we couldn't continue.

CHAIR: The list I have here is of the closures you have in March, April, and then Maffra in May. Are there any others beyond 4 May that you're seeking to close that you know of? I've got one, two, three, four, five, six branches that will close in a couple of months.

Ms Jones: We also have Kings Meadows on 4 May, Alexandra on 4 May, Roxby Downs on 11 May and Bunbury on 18 May.

CHAIR: Right. So your evidence is that you can't stop closing them as the process is too far down the track?

Ms Jones: That's right.

CHAIR: But will you commit to not close any more while the inquiry is on?

Ms Jones: We will continue to invest in regional Australia, and some of that will also mean that we'll close some locations.

CHAIR: That's a no, so we'll probably hear from your CEO very shortly. Thank you very much.

Senator ROBERTS: Can I ask a quick question on notice from a constituent?

CHAIR: Yes. Make it a very quick question, because we do have to get to other witnesses before lunch.

Senator ROBERTS: You say that NAB promotes customers banking online, but I know of a NAB customer, Paul Thomas from Commander Security Services, who last week was cut off by NAB from internet banking without warning, leaving him in a crisis. Why should customers want to expose themselves to being treated like this? If you could take that on notice, please.

Ms Jones: Yes. If I could get the details, we can make sure we contact Paul.

Senator ROBERTS: Sure.

CHAIR: Senator Colbeck, did you want the call? Be very quick.

Senator COLBECK: Just on a point, Mr Kairouz. I mean, I get your difficulties and your problems, particularly with the staffing and stuff around banking in Maffra, and I don't know a sector of the economy that's not having staffing issues. But, quite frankly, they're your issues, not the community's issues.

Mr Kairouz: I understand that.

Senator COLBECK: So being able to provide the service is what the community is looking for. You talk about your commitment to being able to provide it, so I don't think it's really fair that you put on the table something that's effectively your problem as a reason to create a problem for the community. I understand where you're at—don't get me wrong—but I think that is a bit of an indicator on where we're seeing things as far as the evidence is going. You can probably take that as a statement rather than a question, but I just wanted to make the point.

CHAIR: Thank you, Ms Jones and Mr Kairouz. I think you have taken some questions on notice. If you could provide those by Friday 10 March, that would be appreciated.

BASFORD, Mr Anthony, Chief Executive Officer, East Gippsland Shire Council

CANNIZZARO, Mr Peter, General Manager, Business Excellence, East Gippsland Shire Council

REEVES, Mr Mark, Mayor, East Gippsland Shire Council

[11:44]

CHAIR: I now welcome Councillor Mark Reeves, Mr Anthony Basford and Mr Peter Cannizzaro from East Gippsland Shire Council. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. I invite you, if you wish, to make an opening statement, and after that, we'll go to questions.

Mr Reeves: Thank you, Chair. I'll do that on behalf of the councillors and the constituents of East Gippsland Shire. I'd like to acknowledge we're meeting on Gunaikurnai land and waters here and pay my respects to elders past, present and emerging, and recognise all Aboriginal and Torres Strait Islanders who may be with us today. On behalf of East Gippsland Shire and East Gippsland Community Council, I would like to thank the Standing Committees on Rural and Regional Affairs and Transport for providing council with an opportunity to present to the inquiry into bank closures in regional Australia. As a large rural shire that battles the tyranny of distance on a daily basis, the ability to speak directly to you on this important community and social issue is appreciated.

Our supporting paper provides a deeper insight into the rich and vibrant First Nations and recent history, and tells the story of who we are and our region now. The committee is, I'm sure, very aware of our natural disaster travails in recent years, but we emphasise that, while we've endured and thrived despite those, these do not define us. However, the cumulative effects are significant, as noted in the data in the report provided.

Senators, bank closures happen quickly and without consultation, in our experience. In my 25 years living in the region—from Dinner Plain, Mallacoota and Marlo, which are all remote and desirable tourism and ecological and natural beauty locations—Westpac, NAB and Bendigo haven't just closed. I would describe that they've fled from regional Victoria, from Omeo, Swifts Creek and Mallacoota. No banking exists in the tourist hotspots of the ski resorts in our shire, and this has made business banking a challenge. I'm also a school principal in the department of education and conduct leadership programs, and the closures have impacted on the operations of many small regional schools in our region.

It's not confined to one business enterprise or banking enterprise. All banks have fled, reduced operations or operate less frequently. Closures mean business operators and individuals travel greater distances, and these distances hurt. It costs money to bank—more money than in the past.

Our region has a higher representation of older and more vulnerable members of the community. Aboriginal and Torres Strait Islander people in our shire number about 1,700, or 3.5 per cent, and that is an increase since the last census data. They're often frail and require help and a kind-handed heart to assist them with activities of daily living, such as financial literacy. We're also hearing from those who support others or who hold, for example, enduring or financial powers of attorney that they're being required by banking online chatbots to attend branches to conduct banking on behalf of the people they care for. Online banking is part of the solution, but it's also part of the problem. It is suggested as an answer for remote communities, and it could be, but it's not the only solution. We support many individuals in our free library services who require help in accessing ICT, for example. Of course, these staff cannot assist with personal banking matters, even though they're often asked to.

Our communities are also glued together by volunteer and club based memberships. For example, how many people in Melbourne or Sydney fundraise to buy or contribute to a new urban fire tanker or an SES unit? And, yes, we all pay our fire service levies. Our communities have to semi-resource their own emergency services like the SES, and the fundraising in these settings is, unsurprisingly, not Apple Pay. It's cash. Cash handling is expensive, we're told. But the benefit of volunteering and fundraising is priceless. These events and cash-dependent clubs, agricultural societies, fire and emergency volunteers, and sporting and historical clubs are essential, and they glue our resilient communities together. We know that communities that are joined up will fracture less and recover faster from disasters.

Cash handling for business is risky if the takings need to be held or transported the distances that they are, sometimes hours, to effect deposits. We've seen excellent solutions for education in remote and rural areas with the likes of country study hubs, for example. Could there be an outbreak of collaboration or cooperation, as opposed to competition, and banks operate a shared mobile hub branch model? We've taken this idea in our shire to scale in disaster recovery, with mobile concierge units, repurposed mobile library buses, being a single point of access for recovery in remote communities.

While we recognise that LPOs can and do offer some solutions, they need support to become banks if this is a model that could be prosecuted. And while we note East Gippsland Shire Council's contribution to the community banking sector through our shire investment strategy, and financially supporting Bendigo Bank in Omeo and previously Westpac, perhaps some reciprocity of social investment could be forthcoming to our communities.

Lastly, banks need to know that we in regional Australia are important, important to them for business and enterprises. We make and invest money. We farm and innovate in agriculture. We look after the recreational and environmental backyard of Victoria. We have generated Victoria's electrical wealth from thermal power, and will do the same from wind power for the next 100 years. We're the stewards of a great conservation area of the south-east of Australia, and the gross domestic wellbeing from these areas is not calculated in banks' bottom lines. Regional Australians are not FIFO residents. We live here and we thrive here. We urge banks to reciprocate and invest in us and our regions as well.

There are seven key dot points in summary in our report that I've tabled to you. I don't think I need to read those now, but we're very happy to take questions on this.

CHAIR: Thank you, we've got those documents. Thank you very much, Councillor Reeves. We'll go to questions. Just quickly, from myself, the closures you mentioned—Omeo, and I missed the other towns—were you on the council at the time, and, if so, was there any consultation from the banks ahead of the decision to close those branches?

Mr Reeves: I wasn't on the council at the time around Westpac's departure and NAB's departure from Swifts Creek, but we were certainly business operators at the time when they left.

CHAIR: Was there any consultation with the community or the business sector?

Mr Reeves: I'm not aware, but, certainly, as the operators, we were given the statutory advice.

CHAIR: I'm interested in your suggestion there that banks leaving town, if they do leave, should leave some kind of legacy and maybe help fund some things. Have you had any experience of banks doing that or have you suggested that to them at all, and what was their response, if you have?

Mr Reeves: Not that I can recall at the moment. Have we suggested it? It's a bit hard when we can't have a face-to-face conversation or a place based conversation.

CHAIR: Yes, that's true. I might open up to other senators and come back, if there's time. Senator Rennick, did you want a go?

Senator RENNICK: Thanks. How many community groups do you think rely on cash services from a bank branch, and how often?

Mr Reeves: Thanks, that's a great question. We have at least 40 separate individual communities in our shire, and one could say that there are several community groups in each of those small communities and larger communities—more than 100, I would have suggested.

Senator RENNICK: I accept that while they can use some tap and pay they also need cash facilities on the spot.

Mr Reeves: Correct.

Senator RENNICK: Have you also had much feedback from small business in regard to the difficulty of accessing cash? Are they concerned about the threat of leaving cash on their premises overnight and that making them a target for delinquents?

Mr Reeves: Absolutely, and whether it's on site—often businesses and the operators will take it home and carry it with them.

Senator RENNICK: In regard to people who are either, say, disadvantaged or regional farmers, is there 100 per cent wi-fi access across the entire shire?

Mr Reeves: I think we're the black and grey hotspot of Australia.

Senator RENNICK: I realise this may not necessarily correlate to direct numbers, but what percentage of the shire wouldn't have access to wi-fi services?

Mr Reeves: CEO, what do you think?

Mr Basford: Given that there's a significant proportion of our shire that has forested areas, as you would be aware, there are very dispersed communities within that. What we know is that it's not just about a wi-fi service or an internet service, it's also about the quality of that internet service. Often there are, as the mayor rightly said, grey spots. There are many areas just driving from Bairnsdale through to Mallacoota or even to Orbost where it drops out, it goes to 3G. You can't then use your mobile devices or video calling. So it's very intermittent. One of

the things that we put in the submission was the fact that any internet connection is going to be reliant on power at some point. One of the challenges we have is a power supply that often drops out. For instance, Swifts Creek, a week and a half ago, was without power for 48 hours. Mallacoota has a battery backup now, but, previously, pretty much every night, you'd hear the generators kick in and that community would lose power at some point. That power supply issue is also a critical part. If you're making a transition to an online environment, you have to have that security of power to be able to do that, and it is intermittent across our shire.

Senator RENNICK: I have one last question. Do you think there's a propensity for business to shut down in a local town if the bank closes and then to open up another business in the town where the nearest bank branch is so that they don't have to incur the cost of travelling to and from the nearest town to do their daily cash banking?

Mr Reeves: Interesting question, Senator. Thank you—

Senator RENNICK: It may be more relevant in communities like Coober Pedy, where it's 500 kilometres to the next town. But, even in a place like Sale, where it might be 45 minutes to the next town, it's still a lot of time used in going to make cash deposits.

Mr Reeves: I think you're asking: would a business relocate to operate somewhere where banking services are?

Senator RENNICK: Yes.

Mr Reeves: I think that's unrealistic, especially, for example, for some of our remote areas, which are place based businesses.

Senator RENNICK: Right, okay. Thank you.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you for being here today.

Mr Reeves: It's a pleasure.

Senator ROBERTS: First of all, would you agree that rural and regional areas are being hollowed out?

Mr Reeves: On a number of levels, Senator, yes; correct.

Senator ROBERTS: I'm thinking in infrastructure and water access, and not particularly in your area but across the Murray–Darling Basin, which is huge—

Mr Reeves: We either have too much water or not enough, Senator.

Senator ROBERTS: Yes. But it's not being managed for the farmer. It's being managed for big business. There's the stealing of farmers rights to use their property, overregulation, UN policies that are being pushed by governments for decades and energy prices skyrocketing. They're being hollowed out. It's making it very difficult for people in the rural areas. The banks want access to people's money while they're avoiding depositors and borrowers' access to the people. Is that correct?

Mr Reeves: That's a fair statement, Senator.

Senator ROBERTS: The rural and regional areas are far greater contributors, proportionally, by population, than city areas. Is that what you're finding?

Mr Reeves: We would agree with that Senator.

Senator ROBERTS: North-west Queensland, which I represent, is a huge disparity.

Mr Reeves: Yes.

Senator ROBERTS: You've mentioned that the community is vital for services.

Mr Reeves: Correct. The community is absolutely vital.

Senator ROBERTS: You rely a lot on volunteers, the things you cannot put a price on, but it's fundamental to a rural community.

Mr Reeves: We probably can put a price on it, absolutely, but we tend not to.

Senator ROBERTS: That's a good point.

Mr Reeves: We tend to avoid the actual cost-benefit of volunteerism.

Senator ROBERTS: What services are needed by people, other than just access to an ATM or digital currency? What are the interface services needed from banks?

Mr Reeves: As I think we've mentioned in our paper, we have a disproportionately high number of older and more vulnerable people in our communities who tend to rely on that face-to-face support in banking services—

Senator ROBERTS: And cash.

Mr Reeves: and cash, and our volunteer sector and our clubs also tend to rely on cash, especially for floats and for banking.

Senator ROBERTS: Do people still access banks for advice?

Mr Reeves: I'm sure they do. As I've mentioned, the advice is sometimes paradoxically challenging—for example, they get onto a chatbot and they're told to go to a branch.

Senator ROBERTS: Do they require access for making loans or financial services?

Mr Reeves: I'm sure they are, Senator.

Senator ROBERTS: And you've got to do that face-to-face, preferably?

Mr Reeves: I think banks will tell us, 'Oh, you can do that via video links,' but a lot of our residents, because of the nature of banking and the investment required, would tend to like to have somebody face-to-face. There is a relationship and a trust that is built up, I think, and that's something that's happened in the past. We often hear of the bank manager being somebody who is embedded in the community and was trusted by the community and knew the community.

Senator ROBERTS: And some small businesses would need loans of millions of dollars, and they're putting their entire assets in a mortgage to the bank to get that loan. They would need personal attention.

Mr Reeves: Absolutely. And those big businesses also represent the farming sector, of course.

Senator ROBERTS: Right, which is vital to your community. I don't know if you've been in the room for the previous sessions.

Mr Reeves: I have, for the interviews with Westpac and NAB, yes.

Senator ROBERTS: So I mentioned that the banks are protected from competition. They see no accountability. APRA and ASIC just let them run. For decades, governments have let them run. They're protected from failure by taxpayers, who are contributing wealth through the regions. They have a money-making licence. They have no real obligation, though, because of the way it's structured. Do we need community services legislation? I'm normally opposed to governments interfering with commercial businesses, but these commercial businesses have a huge leverage from the community and a back-up from the community. Do you need community services legislation?

Mr Reeves: I think some sort of support or obligation around a social licence would be really welcome.

Senator ROBERTS: And you've already mentioned that cash is essential.

Mr Reeves: Cash is essential.

Senator ROBERTS: Thank you, Chair.

CHAIR: Thanks, Senator Roberts. Senator Whish-Wilson.

Senator WHISH-WILSON: Is the closure of Westpac's branch and concern about other possible closures something that's been discussed at a council level, say, at one of your council meetings?

Mr Reeves: Bank closures are a regular conversation at council meetings.

Mr Basford: I will also just add in there, as was put in our submission, we recently did a review of some of our service centres. We have a number of service centres across the shire. What we're promoting here is that people can go locally to transact with council in a face-to-face manner, and we do that at a number of sites across the shire, including Omeo. One of the things that we recently did was identified the fact that there was a disproportionate, if you like, amount of public funds going to support what was essentially a private entity in the bank that was an agency in one of our service centres. We were trying to actually have a conversation with that provider to say, 'How do we actually still offer the service but look at a different model in terms of how that might operate?' Unfortunately, that fell on deaf ears. There was quite a bit of discussion when we went through the review of our service centres around this particular issue of not just banking services but a range of services at those sites.

Mr Cannizzaro: I might add to what Anthony just said: with no consultation.

Senator WHISH-WILSON: On a related topic, we've asked questions today of the two banks about their relationships with Australia Post, because often they'll say, 'Ninety-eight per cent of these transactions can be done through Australia Post.' Have you got any views on the usefulness of Australia Post to keep these services available to the community? Do you have any reflections on that?

Mr Reeves: Australia Post's services are a possibility, but they're limited, especially around the cash handling and deposit sizes.

Senator WHISH-WILSON: What about relationships with customers? I mentioned earlier while I was having my coffee outside the ANZ branch, a fellow came up and asked me what the time was. I said, 'It's 9.30.' He said, 'Good, the bank's about to open.' He looked very disadvantaged to me. Are you confident that there are services available here if the banks were to withdraw? Have you had any discussions with Australia Post about this?

Mr Reeves: I don't think we've had any conversations with Australia Post or any of the LPOs directly, but we hear anecdotally from the residents in those remote communities who we've asked, 'Can you use LPOs?' They say they're limited. They don't actually replace banks in terms of the banking facilities that they require, especially business banking.

Senator WHISH-WILSON: It seems to be quite symbolic to me when a bank withdraws from a country town—I use the term 'country town' quite broadly, but I've heard different definitions of 'rural', 'regional' and 'remote'. You've heard this morning the banks' arguments: 'The business is still there, and the activity's still there, but we've just migrated it onto a more efficient platform.' Are you convinced by that?

Mr Reeves: I think the businesses are great survivors, and they will survive despite what the bank does to them.

Senator WHISH-WILSON: Right, but in terms of their explanation—'We're not pulling out of your town because we're not making any money out of it. There's nothing here for us.' They're saying, 'No, it's still the same, but we've got a different channel now. It's digital based, so people are still dealing with us. There's still life in this town, but it's all happening online.' Do you accept that argument, or do you think they are pulling out because—

Mr Reeves: I think they're pulling out because of commercial decisions, not because of their social conscience.

Senator WHISH-WILSON: Okay. Do you believe they should have some kind of community service obligation?

Mr Reeves: I would have thought so. I think we see in regional Australia that businesses have a social conscience and contribute to sporting clubs and voluntary organisations.

Senator WHISH-WILSON: Okay.

CHAIR: Thanks, Senator. We might keep going if we can. Senator Ciccone.

Senator CICCONE: Chair, I just have one question, really. On page 4 of your submission, you go into the effectiveness of the government banking statistics by APRA. I'm just wondering whether you might be able to expand on it a bit further, because they're quite interesting stats that you've provided to the committee, particularly around the fact that there's an ageing population and there are less digitally connected vulnerable communities. I'd just be interested to know, for the benefit of the committee, when you talk about vulnerable communities, which communities we're talking about. Are there particular organisations? Are you able to flesh out for us the real impact that bank closures have here in your community?

Mr Basford: The vulnerability comes from multiple angles. It actually pains me to talk about our community in this manner because they are such a resilient, positive, get-it-done community, and, when you're talking about an area of 21,000 square kilometres, you're talking about multiple communities, not just a community. But that vulnerability comes from a range of things. It comes from things like what we've put in our submission around their ability to access the digital connectivity, the risks associated with natural disasters, and the structural changes in industry, whether that be from agriculture, forestry, fishing or a whole range of other things. All those things have an impact that ultimately creates a vulnerability in those communities. I think what we see then is that some of those stats start to play out—high levels of family violence and high levels of suicide. It's not an East Gippsland thing, but we see high levels of homelessness. Increasing levels of homeless is probably a better description. I think the vulnerability comes from this being just another nail, if you like, that creates that vulnerability in those communities.

I think the interesting thing, and I wanted to mention it before, is that our communities are actually continuing to grow. We're growing at about 1.1 per cent per year, which doesn't sound like a huge amount, but it is actually continuing to grow. And, particularly post COVID, what we've seen is a range of people who want to make that move. So it seems really short-sighted to start to remove services from communities that are ultimately going to grow and continue to grow and actually need those services. I hope that answers your question, Senator, around the vulnerability. I don't know if either of my colleagues wish to add something.

Senator CICCONE: I think the irony, too, is that banks are pushing for this online digital platform, yet you've got one of the lowest rates of household internet connections as well.

Mr Basford: Correct.

Senator CICCONE: I don't know how they can come here today and say, 'There's a great uptake,' when they sort of force it on people and then close the very branches that should be there to support people that don't have the ability to connect to the internet.

Mr Basford: And it would be fair to say that, over the last five years in my time with East Gippsland, there has been significant investment by the Commonwealth and the state in relation to black spot funding as well as NBN connections and other things. However, we're still seeing a lag in terms of what that looks like on the ground. Unlike other shires, our topography makes it really challenging to actually get that connectivity to people, because we've got hills and valleys.

CHAIR: Thank you. Senator Colbeck.

Senator COLBECK: I have a couple of quick questions and I can probably anticipate the answers. Effectively, what you're saying is that your communities are saying to you—the ones that you're representing here today—that they want physical services.

Mr Reeves: Correct.

Senator COLBECK: I thought that's what you might say. Would you say that your communities have been adequately consulted on how those services are delivered?

Mr Reeves: I would say no. Being advised the banks are closing or departing is a version of consultation.

Senator COLBECK: Thank you.

CHAIR: Just quickly from myself, just leading on from Senator Whish-Wilson's questions about the post offices: in particular, your recommendation is we should have some kind of—these are my words—universal service obligation requiring a bank in each town of some kind of size, presumably. Could that be delivered through Australia Post, in your view, if we were to expand the services available there, or do you see something separate to the post office required?

Mr Reeves: I would have thought, if they were provided with the support, LPOs could step into that role. But I think there are some challenges that need to be teased out, whether legislatively or in terms of security as well. I think that's where some of the challenges are.

CHAIR: Finally, you take payments from communities for rates and other things. Do you still have face-to-face services for residents in East Gippsland to do those transactions?

Mr Reeves: Absolutely. We have a number of face-to-face centres available for the communities—Omeo, Orbost, Mallacoota, Lakes Entrance, Paynesville, as well as Bairnsdale.

CHAIR: Presumably that comes at some cost to yourselves these days but you provide that as a social service to people who can't use online.

Mr Reeves: Whether it's a cost or an investment is depending on whether you're buying or selling, I suppose.

CHAIR: True. Thank you very much, all of you, for your evidence. I'm not sure if you took anything on notice; if you have, we're asking for answers back by 10 March.

ANDERSON, Mr David, Chairperson, Committee for Wellington

BYE, Mr Ian, Mayor, Wellington Shire Council

FAIRWEATHER, Mr Trent, Deputy Chair, Committee for Wellington

MORCOM, Mr David, Chief Executive Officer, Wellington Shire Council

[12:12]

CHAIR: Thank you for your patience, gentlemen. Sorry we're a little over time; we've had some interesting evidence this morning. Welcome. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. Do you have any comments to make on the capacity in which you appear?

Mr Anderson: Leo O'Brien is unavailable.

CHAIR: No worries. I realise we have two separate groups here. Would you both like to make opening statements? If so, to keep them as brief as possible, there is the ability to table anything more lengthy.

Mr Anderson: Good morning, senators. Thank you for allowing us to share some insights into the importance of banking in rural townships and the effects of banks withdrawing. I'd also like to add that it's pleasing to see government out and about and engaging with the community.

Just to let everyone know where we fit as a committee for Wellington: we are comprised primarily of business and community leaders from the shire. We're passionate and committed to the economic development of the region, recognising the benefits that will flow to the community including job creation and infrastructure. We're also a link to the Wellington Shire Council. We represent the communities of Sale, Maffra, Stratford, Rosedale, Yarram, Loch Sport and the surrounding rural communities.

The intent of my brief is to address three of the five terms of reference. I would like to submit this document as a submission if I could today, please.

CHAIR: Yes, we can table that. It is so tabled.

Mr Anderson: I'll address in particular the reasons given for closure; these are summary as in comparison to what's in the document. One of the observations of the bank notification is 'a change of customer behaviour'. A decision to close a branch is driven by economics more so than a change of behaviour, and, by stating a change in behaviour as a basis, the banks are effectively blaming the customer for closure. It's the introduction of technology by banks that has driven a change in customer behaviour, and it does feel a little like manipulation.

There are many more factors to be assessed in decision-making. We're looking for: Where is the engagement within the community? Where has the consultation process taken place? What are the next round of system upgrades that will further change behaviour? Where are the statistics on falling numbers of customer visits to branches that warrant closure? Why not offer a service for three days a week—where are the alternatives? What is the banks' endgame? Is it to become uninvolved in grassroots communities that sustain the rural industry and agriculture sectors and their families? It is unclear. Where is the moral obligation to support the rural communities?

Wellington is a shire of some 40,000-plus folks who work hard and contribute to the betterment of their communities. There is an expectation that the corporates of the world are to be involved in their respective communities and are more than just a bank. They're a contributor. They're a sponsor of the local footy team. The banks have had the pleasure of our communities supporting them through the use of their institutions, they've had the pleasure of the use of our money and they've had the pleasure of making extremely healthy profits from our money. It remains unclear as to why closure is warranted.

I'd like to address point (b), the economic and welfare impacts. There are many long-term customers with banks—in particular, the ageing population that rely on banks. Aged people who are on their own fret about their savings and the protection of their hard-earned wealth. Closure, to them, is a slap in the face of being a loyal customer. With every person I have spoken to over the past two weeks, their opening response has been, 'What about the elderly?' and they have shared many examples. In some cases, it's bigger than a slap in the face. It's become generational. Sons and daughters are witnesses to the treatment of their ageing families, who have supported the banks for many years. They, too, soon form an opinion of who can and cannot be trusted with their hard-earned finances.

I have a quote: 'I am a Westpac customer. After the passing of my husband, I had to go into the branch on several occasions to sort out banking. This could not be completed on the phone. Even as recent as last week, I had to go to the branch. I was unable to change the address on my credit cards as my husband had set it up

originally. I will not go into the details, but, needless to say, I was not happy that, many phone calls later, I still had to go to the branch. What on earth are we doing if this branch closes? Drive to Traralgon?'

My own personal example is: I live some 50 minutes from Sale, and I travel to Sale once a week, as the branch in Maffra closed. If my bank in Sale were to close, it would mean I'd need to travel an hour to Bairnsdale or an hour and a half to Traralgon. That's if I remain with that bank. It's at my cost for fuel and vehicle wear and tear to do this. I then align my weekly shopping up with the town where my bank is. So, effectively, I'm taking \$500 or \$1,000 out of the Sale community, its charities and its business houses because I attend another town. It does not benefit me at all. Where is the sense in this? If there are 10 of us doing the same, that's a lot of money every week leaving this town.

The next point I'd like to address is the effect of bank closures or the removal of face-to-face cash services on access to cash. Again, this is a big imposition on the customer. There are some things that cannot be done online. Businesses with trust accounts have 24 hours to do a deposit, as per the rules, and businesses dealing with cash make cash deposits daily. I have an example in my submission around the security that I use. I won't go into the detail, but security is an issue when you are using remote communication and latency effects. For banking transactions, face to face remains a requirement. Many aged folks use cheques. Many deceased estates use cheques to finalise settlements. Today, the medical insurance companies still refund you in cheques. I've spoken with people who've shared examples. Cheques remain as a required form of financial transaction for years ahead. People buy from people—from people they know and trust. That's how it works in the rural sector. It's a face not a screen that secures transactions. I'll finish there.

CHAIR: Thank you very much, Mr Anderson. We'll go to you, Mr Morcom.

Mr Morcom: Thank you, Chair, and good afternoon, Councillors. I'm conscious of the time so I'll try and be relatively brief. I did want to start out by touching on a point that the committee has spoken about around consultation and just informing in relation to the consultation we actually had with Westpac's announcement of closing the Sale branch. We received a letter on the Monday, and we opened the paper on Tuesday to see that the announcement had been made. There was a paragraph in there from a Westpac spokesperson saying they had consulted with the local shire. That's what happened in relation to Westpac's consultation. 'Consultation' from our perspective is generally how many days prior to the announcement of the closure we get advised, and usually it's only one, two or three days at the most.

Wellington Shire Council will be submitting a formal submission by the due date—I think it's 31 March—and we want to underpin that with a lot of data around our communities. I just want to very quickly touch upon some of that in relation to what has already been spoken about this morning. The previous question that East Gippsland were asked about access to broadband internet. Wellington Shire is also a large shire. It's about the size, I think, of Jamaica. It's nearly 11,000 square kilometres. Two-thirds of our community don't have access to broadband, so it's significant. Thirty per cent of the population in Sale is over the age of 60 and eight per cent of Sale's households don't have a car. The nearest branch to Sale, if a branch like Westpac closes, is at least 45 minutes or an hour with roadworks. The Australian Digital Inclusion Index, which you may be familiar with, measures access, affordability and digital affordability. Wellington Shire's index is typical of many regions at 65, as opposed to a Victorian average of 72, so there is a clear level of disadvantage that we experience in the regions.

I want to touch briefly on a point that David Anderson made around security. With bank closures, we're already hearing from our local businesses their concerns around cash security. We spoke about cash security today, but the ability to store cash and the ability then for staff to transfer cash to further afield towns is a concern that has been raised with us and we'll be including that in our submission.

What I'd like to finish on, Chair, is one of the key factors which has been spoken about today and which we suspect banks include in their factors in deciding to close branches is the extraordinary level of resistance that our communities have to actually switching banks. I recall the NAB representative here today saying they had over a 90 per cent retention rate, which I found quite staggering, when they closed their banks.

Finishing on a positive, one of the things that perhaps local government may even be able to assist in is how we can actually break that strong sense of loyalty. We know that health funds have a certificate of portability that has to be provided to customers to help them move health funds. Could such a scheme apply to banks, if a bank does leave? Could there be a role for local institutions like local government? Could there be even some sort of concierge arrangements to try and have people transfer their business to another bank? I'll leave it at that, Senators.

CHAIR: Thank you very much, Mr Morcom. Just quickly for myself, that's amazing evidence you provided there. Just to be clear, Westpac told the local media that they'd consulted with you and that consultation amounted to a letter the day before the announcement?

Mr Morcom: That's correct.

CHAIR: That confirms my suspicions about their liberal use of the English language. The council, though, did meet with Westpac this morning?

Mr Bye: Yes, that's the first time we've had consultation was this morning, and I believe it's because they had to be in front of the senators.

CHAIR: I think we might have played a bit of a role in that meeting, I'm glad that has happened though. They have announced that they are pausing the closure here. Can you give the committee any insights into the discussion this morning? Do you think Westpac are genuinely now looking at the issues in Sale, or is this just a stay of execution for a closure some date in the future?

Mr Bye: I'd like to think that is the case, because when you look at the LGAs we are the third biggest. East Gippsland, which presented just before, is the second biggest in square kilometres, and Mildura is the biggest in Victoria. When you look at the demographics of Westpac basically leaving the Wellington shire, it means that we have Westpac customers that have to travel up to an hour and a half to actually go to Bairnsdale or Traralgon to use that Westpac service. Leaving the shire does create a bit of a void for Westpac customers to actually get that service and to travel. As the CEO said, a lot of people don't actually have a car. Public transport is hard to access in the country areas, so it does put quite a few limitations on those Westpac customers going forward.

CHAIR: What is the process now, going forward, for Westpac? What have they committed to you over the next few months?

Mr Morcom: They specifically said this morning that they would await the outcome of this inquiry and then they would make their further decision based on those outcomes.

CHAIR: Well, we'll see. We'll go to other questions I haven't asked. Is there any senator that wants to kick off? Senator Rennick?

Senator RENNICK: Given that I spoke to the guys this morning and we're short on time, I'm happy to forgo questions.

Senator ROBERTS: Let's get some clarification from some earlier inquiries. Change of customer behaviour was given by the banks as a reason for shutting branches. Is that simply ceding or avoiding responsibility and blaming someone else?

Mr Bye: Yes.

Senator ROBERTS: Who makes the decision to close the branch?

Mr Fairweather: Can I respond to that? I have a saying, which we probably invented this morning after a chat, of 'ghost branches'. I think the closing of the branch is the final bit that we're focusing on. There's actually consolidation of a branch well before the closure is announced. Our NAB in Maffra has announced its closure, but it's trading minimal hours. As we heard from the NAB, it's been wound up over the last 10 years. I think the closure is the end path, but we're seeing a—

Senator ROBERTS: Can you give me the details, please, so I can understand.

Mr Fairweather: As an example, we got a new NAB branch in Sale. Good on the NAB for investing in Sale—it's amazing. But we've seen that branch, from 2003, with 30 full-time staff, go back to 10 or 12. That's an educated guess from communicating with people that work there. We're a business client of the NAB, and our service was gradually passed from Sale to Traralgon to Melbourne. So, over a period of 15 years, we lost our local banker, we got handed to Traralgon and then we got handed to Melbourne. We're seeing a vacuum of centralisation of banking. I know with commercial leases in East Gippsland from a couple of landlords I've spoken to that the banks are now negotiating lower rent than they've ever paid before, because they've got these big fronts but they've got one-third the amount of staff and turnover in some of those banks. There's a challenge around a 'ghost banks'—I'll use that terminology, if I can.

Senator ROBERTS: We've seen ghost banks in APRA's official figures. They've been misrepresenting what's going on.

Mr Fairweather: Correct.

Senator ROBERTS: Let's go a bit more to your process and get some details. When you've seen bank branches close, leading up to that, did they change the hours? Did they reduce the hours as well as the services?

Mr Fairweather: If we use Maffra as a case example, that was a five-day-a-week, full-time bank. It's gone to reduced hours and reduced days. It's been an ad hoc approach over the last few years. COVID has probably made that a more complicated story. In reverse, in regional Australia we have seen the rise of community banking, like Bendigo Bank. So there are now additional offers that do take the place of some of the big four, but that's a commercial decision for people.

Senator ROBERTS: That's interesting. When one of these little banks gets to be a semi-big bank, it gets gobbled up by one of the big ones. Have you still got little banks available as competitors?

Mr Fairweather: Bendigo Bank locally has a community owned branch in Maffra and Heyfield, and they have taken the place of the big four.

Senator ROBERTS: My wife and I are changing from a big four bank to a smaller bank. What about people in your community? Mr Morcom, you echoed the answer to Senator Whish-Wilson's question from one of the previous banks that customers, even though the bank is lost, still stick with the bank.

Mr Morcom: The 90 per cent figure that was given to us today by the National Australia Bank representatives was interesting, wasn't it? That is something that I think might hopefully come out of such a public inquiry as this—that is, how we can actually make people more mobile and shift them to services that are available in their towns.

Senator ROBERTS: This is not a criticism of East Gippsland Shire Council, but they mentioned that people in the community 'want' physical services. They actually need physical services, don't they? What are those services? Everyone can answer.

Mr Bye: To me it's a general thing. There's an aging population in country Victoria. It's probably a lot older than in the city. When you look at your mums and dads, your grandfathers and grandmothers, when they want to access services—and a lot of them still use a chequebook—they need to go into the branch. They want to bank their money. When their pension is put into their bank account, they want to go and draw cash out because that's traditionally how they've worked. There isn't training available from the banks to retrain those people, that I know of. I think the use by the community is still quite high.

Mr Morcom: The biggest challenge of living in a regional area is to have the same access to services—be they educational, health or banking—as our metro counterparts do. That's always the challenge. It's made even more apparent in regional areas by the disadvantage that we have in relation to a whole range of factors, such as digital inclusion.

Senator ROBERTS: Did you say, or did someone say, that some of your services went from Traralgon to Melbourne?

Mr Fairweather: Yes. That was commercial banking. We owned a hotel. That used to be banked in Sale, then it got moved to Traralgon and then it got moved to Melbourne. So nobody could support us except for Collins Street.

Senator ROBERTS: You're not actually in Melbourne—I get that—but NAB said that people are moving out of some towns, for shopping, to larger regional towns. Yet they're also cutting metropolitan, where people don't move for shopping. How does that work?

Mr Fairweather: I would pose to you that the challenge with that is not necessarily the profitability of a branch but the combination of profitability by three branches, in a suburban setting like Berwick, coming back to one. So they've opened a footprint at three shopping centres; the bigger one's more successful; they go back to one, and there's an enhanced profitability stance, not a lack of profitability—that would be my question to you guys, as you're working on this.

Senator ROBERTS: Do you believe the banks?

Mr Fairweather: I believe they tell a compelling story, but I believe it's up to you to unriddle that, Senator.

Senator ROBERTS: To come back to the resistance of people to switching banks: Why? What are the details? Can you give me some ideas?

Mr Bye: I'd probably like to speak a bit against that. The day after the announcement from the Westpac bank, I happened to be in the Bendigo Bank, and the line-up of people was quite amazing, and they were all Westpac customers. It was interesting to see what that line-up was. It was a lot of the elderly, because they need a service. I think there is a resistance, probably, from the younger ones—and they're tech savvy—but the older generation actually needed a banking service, and they were all the ones in the line.

Senator ROBERTS: So the COBA banks, the smaller banks, are attractive to some people. What about the postal bank that you're talking about? Have you had any dealings with the Citizens Party about the postal banks?

Mr Anderson: As to providing an outlet in a post office, I dodge the Sale post office because of the traffic that's in there. It takes too long. I'll go and source another outlet to do my postal. Postal outlets are not user-friendly.

Senator ROBERTS: Physically it's not, at the moment, but, if a postal bank were created—and there are many regional and metropolitan councils getting on board now—and if it were made into a proper bank, a people's bank, like the original Commonwealth Bank which did so much good, would you be interested?

Mr Anderson: I'll still dodge a postal outlet, and I'd go and talk to somebody about a loan transaction, rather than be online or get someone that doesn't know.

Senator ROBERTS: I'm not talking about a post office providing a banking service; I'm talking about a post office that becomes a postal network that becomes a postal bank—a proper bank.

Mr Morcom: Certainly, from council's perspective, access to services is the key. If those services are available elsewhere, that would be certainly something that we would be keen to have a look at.

Senator ROBERTS: You don't care about the name of it?

Mr Bye: No—

Senator ROBERTS: Just the access to the services?

Mr Bye: just what the community's needs are.

Senator ROBERTS: Thank you.

CHAIR: Senator Whish-Wilson.

Senator WHISH-WILSON: I was actually just going to ask about Australia Post as well. I asked the previous council whether they'd discussed bank closures at their council meetings with councillors. Maybe it's something you might discuss in future council meetings or put on the agenda. You presumably also have a local government authority, an LGA, in Victoria, where local governments work together on issues. Perhaps this is something you could put on the agenda. If it's not occurring to banks like Westpac to even come and talk to you in the first place, as a very significant stakeholder in an area, then perhaps do what we're doing: use your combined power and actually write to Westpac and other banks and put them on notice that you expect to be consulted. It's just a suggestion, anyway.

Mr Morcom: If I may, the very use of the word 'consultation'—Chair, you've raised it a couple of times—implies some degree of input into that decision-making process, and there is none. It's really just advice of closure, rather than the word 'consultation', that we are getting at the moment.

Senator WHISH-WILSON: I asked a similar question of the last council. It seems to me, looking at the data coming into this, there's something that data can't catch—that is, it's essentially a bit of an insult to a community to have a bank pull out. Rightly or wrongly, it sends lots of messages. Do you believe their argument this morning? Has it made you feel better about the fact that they're still saying: 'It's a thriving community, but everyone's just doing their business online now. It's not a reflection on your town or your community; they've just migrated onto a different platform'? Do you buy that argument?

Mr Anderson: No, I don't. From my perspective, I think corporations have a role in communities. Towns like this and Maffra operate on banks, schools and hospitals to be sustainable. You start to lose one—we've seen two; how many more are thinking the same?—and you start chipping away at the foundation of a community. I don't buy into it. It's nice words but not the reality.

Mr Morcom: I would add, if I can: business confidence in a small town is something that's very difficult to measure, but it's very palpable. It rises and falls on things like empty shops. It rises and falls on the local football and netball teams or whatever it is. To see large corporations make a unilateral decision and leave quickly certainly has an impact on—

Senator WHISH-WILSON: So it has flow-on effects, like multiplier effects?

Mr Morcom: It certainly does. On, for want of a better term, mainstream confidence or business confidence, it has a significant effect.

Mr Bye: If I could just add: I think Senator Rennick has hit the nail on the head quite a few times with the profitability of the banks. I think they're still making substantial amounts of profit, and I can't see the sense in the banks leaving an area totally, like the Westpac bank are proposing. If you look at the example in Sale with the National Australia Bank—and I commend them on what they have done—they've gone from a two-storey building, quite a lot of square metres, to across the road with a multi-million dollar fit-out. It's a smaller branch

but it caters for the needs the community still has. I commend them for doing that and not leaving the Wellington shire.

Senator WHISH-WILSON: Were they able to do that, do you think, because they've closed Maffra and they're now sending their customers from Maffra to Sale? Do you think that was part of their decision?

Mr Bye: It would have been part of it, but at least they did give me a phone call and said, 'Look, before we send letters out, we are going to close and these are the reasons why, but we are dedicating a regional bank that we can still get people to travel to,' and they had a massive fit-out to say they are staying here.

Senator WHISH-WILSON: Okay, good. Interesting. I have a reflection on the data that NAB provided, in 'NAB Maffra Agency is closing'. It says, 'How is banking changing?' on page 2, and it says 87 per cent of their customers—they've obviously done their own surveys—are 'registered for online banking and/or telephone banking'. But then it says that 14 per cent of those registered for these services are active users. So 87 looks good when you first look at it, but then when you realise that not even a fifth of them are using those online services, 15 per cent rely solely on branch banking and no other methods and only nine per cent are currently using Australia Post, it doesn't give you a lot of hope that you're going to get all those customers onto Australia Post. I think it's quite interesting.

CHAIR: Thanks, Senator Whish-Wilson. Senator Colbeck.

Senator COLBECK: I think we've done the consultation thing pretty well. There's clearly a view that there hasn't been effective consultation. I want to go to the digital side of things, which seems to be the focus, particularly for Westpac, this morning. Do you have any stats around connectivity or properties connected within your regional area?

Mr Morcom: Sorry, just to clarify: connectivity in relation to what?

Senator COLBECK: Digital connectivity, I mean. If the push is towards digital connection and you're not connected, you're effectively disenfranchised from the system.

Mr Morcom: I mentioned earlier in the presentation that we have around 62 per cent of our community in Wellington. About 46,000 people live in Wellington, and 60 to 63 percent of those don't have access to broadband internet.

Senator COLBECK: That's significant. What about digital literacy?

Mr Morcom: We can certainly take digital literacy on notice but, again, on the Australian Digital Inclusion Index, which includes affordability, access and digital literacy, our index is 65 at the moment, compared to the Victorian state average of 72. So, again, it's significantly lower than the state average.

Senator COLBECK: We might look at that further in the context of where we go with our consultations with the banks.

CHAIR: I had more questions, but we have run out of time. Thank you so much for your evidence. It was very useful, and we have a few things to follow up with. I thank you very much for your time. I remind people that we have an open mic session later today. We would appreciate it if you registered with the secretariat before that if you would like to speak. That's your opportunity to have your views—especially on how the impact of bank closures affects your community—put on the *Hansard* Senate record. Thank you again to everyone from Wellington.

Proceedings suspended from 12:41 to 13:25

PIASENTE, Mr Steven, Chief Executive Officer, Latrobe City Council [by audio link]

CHAIR: I formally reopen and resume this hearing of the Senate Rural and Regional Affairs and Transport committee. I now welcome Mr Steven Piasente. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. You have the opportunity to make an opening statement if you wish to do so now, and after that I'll go to questions, so over to you.

Mr Piasente: Thank you. I would like to make an opening statement. Sorry I wasn't able to attend in person with you today. I would like to acknowledge that I'm presenting from the traditional land of the Brayakaulung people of the Gunaikurnai nation and pay my respect to elders past and present.

For the senators who are in the room, I will give you a bit of a recap about Latrobe City. We're about an hour west of where you are and two hours east of Melbourne. We are home to about 80,000 people across four major population centres. Latrobe City has powered the state of Victoria for nearly a century, and it is a city transforming, with, obviously, the planned closures of power stations occurring over the coming decade or so.

I haven't had the opportunity yet to present a paper to council on this matter or prepare a written submission, but concerns regarding closures of bank branches are well known to council, and this has been raised by councillors, business and the community over a number of years as an issue of concern. Council has seen firsthand the impact of regional bank closures following closures across Morwell and Moe over recent years. Morwell has been impacted by the closure of Bank Australia, ANZ, Commonwealth Bank and Bendigo Bank branches in recent years. Pleasingly, the NAB have retained their branch in Morwell. Along with the closures in Morwell, Westpac Moe closed recently, and Moe ANZ is expected to close in April this year.

The loss of branches in Latrobe City obviously impacts on our businesses and the community. The main concerns that have been shared with us by the business community are in relation to their lack of ability to obtain cash to support their business operations and to access staff during the day to talk about business banking needs. Small businesses in Morwell and Moe, as in many communities, were significantly impacted by COVID, and the inability to undertake banking locally further compounds some of their challenges.

We had sought feedback from the banks in relation to reasons for closures and what their views were. Effectively they've advised us that their customers are utilising online banking more and more. ANZ, in fact, commented to us recently about the expected closure of their Moe branch, and they said that 80 per cent of their customers have Moe as their main branch and they now prefer internet banking, ATMs and ANZ apps to do their banking for them. They've said it's become unsustainable to keep the branch open. This, though, obviously has an impact on 20 per cent of customers, and unfortunately those not able to access online banking face increased challenges and further disadvantages.

As the senators would probably be aware, the primary measure of advantage and disadvantage in Australia is the SEIFA index, the Socio-Economic Indexes for Areas. Interestingly, the locations where the banks have reduced their services in our city are in areas of higher disadvantage compared to where branches have been maintained. I also find it interesting that these large corporations highlight in their annual reports their corporate and social credentials. Some of them have announced bumper profits in the past. In fact, it was recently reported by the *Age* that the big four banks are forecast to rake in record combined profits of more than \$33 billion this financial year. The banks also include statements in their annual reports about supporting vulnerable customers and those experiencing hardship.

In our particular circumstance, I would contend that those who live in some of these impacted communities where closures have occurred are vulnerable, are impacted disproportionately and face further hardship linked to the closures. The banks also focus on providing access to online services as the primary solution, and some of the people in these communities also have limited access to online services, and this further exacerbates their challenges. ATMs have also been removed or relocated, and this can lead to increasing fees for people through use of private ATMs for those who need to withdraw cash. Some residents, such as elderly residents, are also less likely to use their online services due to factors including being vulnerable to concerns over online fraud.

In summary, from a Latrobe City perspective, there's definitely a need for members of our community to have access to face-to-face services. I would suggest, in conclusion, that the banks have a responsibility to maintain branches and utilise some of their bumper profits, particularly in those areas of greater disadvantage, to fund alternative direct service provisions to people if they are considering closing a branch. I think that could also be supported by government regulation in achieving that outcome. That's my initial statement.

CHAIR: Thank you very much, Mr Piasente. I might just kick off, as chair, and then I'll go to other senators for questions. I'm not sure if you've been able to listen to or hear any evidence this morning, but we have been left underwhelmed by the lack of consultation and communication—at least, two-way communication—that the

banks have engaged in when they've closed branches in this area. Can you tell us some of the experience you've had in Latrobe around any bank closures that you've lived through? Have any of the banks taken efforts to discuss a closure with you before making a decision? If so, how have they done that? Are any of the banks doing things better than other banks in terms of communicating with local affected communities?

Mr Piasente: From my experience, a number of the closures that have occurred here in recent times have been through the COVID impacted years. The notification that they were closing was provided but there wasn't a process of engagement upfront to talk about whether that should or should not occur, or whether there were other options that were available. So it's really just that the closures have been communicated to us and the community, and then they've occurred.

CHAIR: Do you have any impending closures in the Latrobe area at the moment, or any speculation of branches closing?

Mr Piasente: Yes, I've touched on that briefly as part of my submission. The Moe ANZ is expected to close in April. They've provided notification to their customers and the community and council that that's occurring. It's expected to occur in April, and the process for them is no different to the other closures. ANZ closed a branch in Morwell and have a branch in Traralgon that they've retained, but the Morwell branch closed a couple of years ago and the Moe branch is planning to be closed in April. That's the current proposed closure.

CHAIR: With those two closures, how and when were you notified in relation to when the decision was publicly announced?

Mr Piasente: I think that we were advised around the same time the public were—earlier this year, I think it was, or late last year for the Moe ANZ branch, from memory. We might have had notification very shortly before, but it was effectively around the same time. There wasn't the opportunity to have a discussion or conversation with the bank about that. It was just informing us that that would occur along with letting the community know around the same time.

CHAIR: All of the banks have committed to do what's known as impact assessments of any closures. They're committed to do those—admittedly not until next year, but some have already started. Did the ANZ conduct an impact assessment for these closures? If so, did they provide that to you?

Mr Piasente: Not that I'm aware.

CHAIR: Okay, thank you. I might share the call at this stage. Senator Rennick, we'll go to you.

Senator RENNICK: Good afternoon. What is the feedback from the community about the proposed bank branch closures?

Mr Piasente: Through conversations, particularly with the business sector, the primary area of concern for them is how they'll gain access to cash for their businesses and undertake banking. The community is obviously very disappointed. I think you don't necessarily hear from those that are disproportionately impacted in a loud way. We've found this in a number of things, where those segments of the community don't have as loud a voice—particularly those that don't use online services. When notifications occur there might be something in the paper, but you tend to see a lot more amplification of issues through social media and the like. And we're talking about that 20 per cent I spoke about and ANZ mentioned of their customers that don't use those services and they're faced with using face-to-face services. That segment of the community probably don't have as loud a voice, I would suggest, and we don't necessarily hear that amplified in the community, so being able to engage with them effectively is something that banks should consider. They look at the 80 per cent who use the online services, but I don't see them necessarily engaging with that 20 per cent of their customers that they suggest don't use those services. In some circumstances, such as in Morwell, we're now down to one bank—the NAB—and so that creates particular challenges for the community in being able to access those services.

So I think that is a challenge in terms of identifying some of those people who don't have online services and access and being able to amplify their voice and understand what their concerns are. You don't necessarily hear that, and the feedback around a closure is generally negative, from my perspective, particularly from the business sector, and feedback certainly comes to the councils and our organisation about those impacts.

Senator RENNICK: Okay. What percentage of seniors live in your shire? Is it above or below the national average?

Mr Piasente: Like most communities, we're ageing. We're a little bit higher than the average. We're not as aged as some communities in regional areas, but we are above the average. We are an ageing population, so I know a number of people in that group, including my mother, who are reluctant to use a lot of those online services, and—I touched on it in my presentation—some of that is due to the concern about the challenges around

online fraud. We've seen a lot of that. That's one of the issues that come up in terms of why people might not necessarily move to online services. So it's about having physical services for those people, and the council did pass a motion last year looking at—there was a bill put before parliament which I don't think has come forward yet—the ability for alternative services to be provided, for example, through Australia Post. I suppose my primary position in what I submitted was that that shouldn't occur; the banks should be seriously considering how they can provide those services, rather than passing them on to another agency.

Senator RENNICK: How far would people have to travel to get to the next town? What would the average distance be?

Mr Piasente: For those that'll need to access public transport, it could take a little bit longer. For a drive from Morwell to Traralgon, for example, it might take you 20 to 30 minutes to get to that location, depending on the time of the day and what's happening. But some people, particularly the more disadvantaged segment of the community who access those services, would need to use public transport, so getting there would probably take them longer.

Senator RENNICK: That's right. What's your wi-fi coverage like in the shire?

Mr Piasente: Within our townships it's not too bad, but you've also got, obviously, those rural segments of the community where they need to get in. So there's far, far less of a service in some of those rural settings outside of our main townships. It's a fairly reasonable level within our townships.

Senator RENNICK: Okay. Thank you, that's all.

CHAIR: Senator Roberts.

Senator ROBERTS: Thank you, Mr Piasente. First of all, congratulations on passing a motion supporting the postal bank. I think I can read these words out: 'Latrobe City Council unanimously supported a motion for federal government to create a post office bank, on 7 November 2022.' You're one of 14 councils, metropolitan and regional, around the country, and they're growing. The postal bank, I need to clarify for people here, is a proper bank, not just a post office branch with a counter in it. It's a proper bank with bank facilities. There are other such national banking networks in Japan and, I think, in New Zealand, and it would be much like the original Commonwealth Bank in this country. I mention that because the Commonwealth Bank, when it was originally a people's bank, got Australia off to a very solid start with exports. It developed a lot of rural industries. I note the very strong success of the state-owned Bank of North Dakota, which is a public bank and a people's bank. It's the only bank in America of any size that's made a profit every year of its existence, and it has helped small business, farmers and individuals. So thank you. Do you have anything to say about your council passing that motion, Mr Piasente?

Mr Piasente: Only now that you've touched on it. It was raised by council in our November council meeting last year. The motion was put forward and passed unanimously, calling on the members of federal parliament, when that bill is presented, to establish alternative banking arrangements through Australia Post's corporate and licensed post offices—that's what the motion talked about—to ensure that there would be banking services available.

Senator ROBERTS: Your area is suffering a severe blow with the shutting down of power stations and the future shutting down of more power stations. As I see it, that is gutting your region and your council area based on a lie contrary to the scientific data. Cheap reliable energy is essential, so your region is facing a double blow. We know that, under the Commonwealth Bank, when it was a people's bank, it led to funding of several large infrastructure projects. I want to draw your attention to a paper presented by Craig Isherwood of the Citizens Party, titled the 'The Australian precedents for a Hamiltonian credit system', which included these figures: one million tonnes of bauxite, exported as raw material, would earn \$5 million a year; when it's processed into alumina, the white powder, it earns \$27 million—five times as much; when that is processed into aluminium metal, it's earning \$125 million—15 times as much; when it's processed into aluminium products, it earns \$600 million—120 times as much. Think of the jobs and the future. What we need is a proper bank to give not only accountability for the big four banks, as I mentioned before, but also a bank that will provide services around the country to communities such as yours. Would you agree?

Mr Piasente: With some of the numbers and statistics you've raised there, I'm not across all that detail. I understand that the banks, locally, would have generated significant revenue from this community, particularly in boom times, in terms of construction of power stations and the like. From my perspective there's certainly an obligation, at least morally, that the banks continue to provide appropriate services to the local community on an ongoing basis.

Senator ROBERTS: What I've seen around the country and in the rural and regional areas is a hollowing out of the regions. I'd like to move on to something else. You mentioned cash as being critical. Why is it critical?

Mr Piasente: Even in our own operations, the majority of our sites still accept cash. People, particularly in that cohort I was talking about earlier, don't utilise a lot of these online services, and so there is a demand for cash in our community for people to still pay the way they used to. It's legal tender, so we have that available at our facilities. I know people are moving towards online payments and digital access, but that does at times attract fees for people in terms of the cards they might use. Having those alternative services available for people paying cash, I think, is critical.

Senator ROBERTS: It's a matter of fees as well as a choice. Cash is essential for freedom actually. There's an attempt underway right now to kill it. The Reserve Bank is working on a digital currency, and they acknowledge that there is a global digital currency being developed. As I see it, if you haven't got cash, you are at the mercy of the people controlling the digital currency. Do you understand that?

Mr Piasente: I understand there are certainly concerns around that. I use both cash and cards. Having both available to me is a choice I make. There are a number of people in the community who prefer to use cash, so having access for them to use their banking services as well as being able to pay cash in businesses is important to them and should be maintained.

Senator ROBERTS: Thank you, Mr Piasente.

CHAIR: I want to ask about an article that's been published on the ABC website, I think in the past 24 hours. It particularly focuses on the experiences of a customer in Morwell. He had apparently changed banks four times in less than a year as different branches closed and he rushed to different ones that remained open. Apparently, there's only one branch left there. What's your experience with how the community responds to branch closures? Do many of your community constituents seek to change banks, or do some, like this gentleman, think there's no point because they're all pulling out anyway?

Mr Piasente: Yes. I haven't read that article, but I certainly can see how that would occur. There are some people who still prefer to use banking services in person and to use cash. We had a succession of closures. I think the first may have been Bank Australia. ANZ followed at one point. It might then have been Commonwealth that followed and then the Bendigo Bank. As you touched on, there's only one bank that remains in Morwell. I mentioned that earlier. That's the NAB. Hopefully they do stay or plan to continue. I'm sure they picked up a few clients from those other closures. It is challenging for the community, because they've had to change from one bank to the other. The sentiment isn't positive, in my view, around the banks that have closed in this community.

CHAIR: Have those closures had a broader impact on Morwell itself and the confidence in the town? Is that something you're picking up?

Mr Piasente: Definitely. Our office is located here in Morwell. One of the factors as to why our office is here in Morwell is to help to support local businesses. I know my staff go out and buy goods. In fact, I previously had a loan with the ANZ, and I went across the road to re-mortgage, to look at another investment that I was making, and so I used that bank. Now I no longer bank with ANZ, as an example; I chose to go somewhere else. When those banks were here, people would have used them, but those banks, equally, would have contributed back, in terms of people buying goods and services locally as well. So it does have that compounding effect, in terms of those closures, where people leave the business sector, and so that creates concern. There are some positive signs, definitely, in the city, around growth and attracting new businesses, and we've seen some established, and I'm sure some of those will now be using the NAB, in this example, in Morwell. But it does add to that challenge when businesses, like banks themselves, leave, because they do have employees who shop locally as well, so it does have a negative impact.

CHAIR: I'm not from this area, obviously, but I imagine that there are some issues around closures of large coal-fired power stations, potentially, and more in the future. Is that having a negative impact on business confidence in Morwell, or are there other opportunities that are being diversified into? And, if you are facing those negative consequences, how does the decision by the banks reinforce these issues that a small town like Morwell might be facing?

Mr Piasente: Yes. I think that the confidence the community has in the town transforming and adding new businesses is impacted by closures of banks, as those banking businesses leave. That has an impact, in terms of not as many people being around the CBD, as an example.

Beyond the closures, we're seeing new investments happening across the city, in terms of other investments in the renewables sector as well as in other industries. We've got some projects we're working on, in terms of attracting new businesses, not just in the CBD but industrially. But when you see a closure, it does add to that

concern and uncertainty about the future. That's something we're working hard on. It is disappointing when we see these corporate entities move out of town and consolidate elsewhere. That is a challenge for us. There are lots of positive signs, but, equally, it doesn't help when those things happen.

CHAIR: Yes. I presume more people are making payments to your council online, or using online services, and more generally reducing face-to-face interactions. Do you, as a council, still offer the option of face-to-face services to constituents?

Mr Piasente: Yes, definitely, as well as our service centres. We actually have two service centres in the mall, for example. There are some in Traralgon and Moe, and a number of our other recreational facilities and the like. We accept cash, I think, at all but one site, and that was more for security reasons. People are moving to online payments at nearly all of our sites. It's something we'll continue to monitor in terms of utilisation of those sites and where risks might be. We will still, in my view, need to accept cash at a number of our sites for people who want to make payments for rates and other services that we provide. We will continue that.

CHAIR: Yes. Do you have a comment on how is it that a small regional council can continue to provide face-to-face services, but banks that are making more than \$30 billion in profits find it too expensive? Does it seem a little strange to you?

Mr Piasente: I think I commented in my opening statement about some of the things you see in the banking sector's annual reports about supporting the community from a social and corporate responsibility perspective. As a provider of public services, certainly our mantra or ethos is to provide good access for people. When you see large entities such as banks making bumper profits, it does create a fair bit of frustration in the community that they're pulling out of town, in that example. It's what I was suggesting as part of my opening statement—that, yes, they have a responsibility to maintain branches. If they are proposing closures, they definitely have a responsibility to use their bumper profits to assist those in the community and provide them with direct access in some way.

CHAIR: Great. Thank you for your evidence, Mr Piasente. I don't believe there are any other questions from senators. We very much appreciate your time today. I don't think you took any questions on notice, but, if you have, we are asking for the answers to be back by Friday 10 March.

ELLERY, Ms Myrna, Member, Finance Sector Union of Australia

STREETS, Ms Wendy, Local Executive Secretary, Queensland, Finance Sector Union of Australia

[13:51]

CHAIR: I now welcome Ms Wendy Streets and Ms Myrna Ellery from the Finance Sector Union. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. You now have the opportunity to make an opening statement if you so wish, and then will go to questions.

Ms Streets: Thank, Senator. Before I begin today, I'd just like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging. As I said, I'm the local executive secretary of Queensland for the Finance Sector Union. The FSU has represented workers in finance, banking and the insurance industry for over 100 years. This industry consists of approximately four per cent of the workforce, with women making up approximately 50.2 per cent of the total number of workers within the sector. The majority of FSU members are women as well. The FSU has been at the forefront of the branch closure issues and has campaigned long and hard to retain banking jobs and services in regional communities.

Today, you've heard from representatives of the banking industry that regional branch closures are solely driven by customer preference—that customers are voting with their feet and crying out for digital options to do their banking, instead of the traditional branch model of service. 'Get used to it.' You will hear this repeated ad nauseam for the duration of this inquiry. You heard phrases such as 'we want customers to be aware of all their banking options' and heartwarming stories of the convenience of banking when you want. These are weasel words, in our view. The banks claim that the public prefer to complete their financial transactions online. However, it is disingenuous for the banks to single out their customers as the reason for these closures. It is the banks that have enforced this change. It has long been part of the business model of all of these banks. The banks have engineered the move to digital and herded their customers into these options. Yes, we acknowledge that banking has changed and is evolving. We're not Luddites. However, we want banks to ensure that the way they deliver their services makes them accessible to all communities and provides good, secure jobs for people.

One of the big four banks let the cat out of the bag during the Hayne royal commission into banking and finance. The bank claimed that, in spite of branch closures, and on balance, customers would remain as customers because they were 'sticky'. Customer stickiness is a retail marketing concept that refers to a situation where a customer will choose to remain loyal for convenience. The criteria to be nominated as a sticky customer are usually that you have four or more products with that particular bank, because that makes it too difficult to move. That's how you become a sticky customer.

Bank staff have had targets imposed on them to convert customers to digital banking. They've had limits placed on the number of over-the-counter transactions and are told how many new online banking accounts they have to open. So, effectively, workers have been made to participate in the demise of their own jobs. I'm sure that many of us have had the experience of walking into a branch and being herded off at the pass by the concierge and taken out, all so gently, to the ATM and taught how to do your process. I'm sure we've all had the experience of the internet being down and access to a banking app unavailable due to tech problems.

I've got three verbatim examples, out of hundreds from our members about this and how they feel about what happens. The first one is: 'Just the other day, we were told that we're not allowed to deposit cash into customers' credit cards. We have to tell them, "No, we don't do that anymore," and take them out to the ATM.'

The second one is: 'I feel it is unfair to force customers to digital. I feel that being unable to open an account unless registered for internet banking may be placing our customers at a greater risk of fraud.'

The third one is: 'We are now unable to open a simple, essential transactional account for a customer if they don't have an email address, which is extremely discriminating and potentially risky for the majority of elderly customers, who have never had, and will never use, an email.'

There are always early adopters of new technology; however, not everybody can move to digital banking. People with disabilities, the aged, those with low levels of digital literacy, those with English as a second language and those who have limited access to transport are extremely disadvantaged. Unstable internet in regional and rural areas means that customers can go for hours without access to their funds. What do people who live in places like Coober Pedy, where the next bank branch is 500 miles away, do when the internet is down? They don't have a choice. They just wait and they wait until the connection comes back.

As you heard from the representatives of local councils, internet connections in the local region are low and unstable, despite investments by the NBN. As the Banking Code Compliance Committee have noted, branch

closures in regional areas disproportionately affect small business customers as Australia Post outlets do not fully support the needs of small business. These small business customers then have to travel further to access a branch to access the services they need.

Aboriginal and Torres Strait Islander customers in regional and remote communities already face enormous challenges in accessing banking services. These challenges are exacerbated by branch closures. Forget about the internet in those remote areas. Tell the Indigenous communities in Tennant Creek—where Westpac is closing a branch—how they can use digital channels when they don't have widespread internet. They don't even use bank cards. They often just go into the branch and use their photo ID to take their money out. Talking to someone over the phone doesn't assist Indigenous customers either, because they can't produce the ID that's required. It leaves them in a terrible situation. This is the value of face-to-face service in these regions: establishing a relationship with banking staff. How do you do that with the internet or an app?

You may also hear from the same banking representatives that most of the profit they make is returned to shareholders, that we all have a stake in the banks making bigger and better profits through our superfunds and that mum-and-dad shareholders live for their dividend payouts. Please.

It is no longer acceptable for the banks and their club, the Australian Banking Association, to continue to play a dead bat every time they're asked about branch closures. They endlessly repeat their talking points, without acknowledging that these are commercial decisions to boost profits and without acknowledging the harm they are doing to thousands of communities and the people who lose their jobs. They need to remember that it is the taxpayer that often comes to their rescue when the going gets tough.

As you've heard, most of the big four banks pay Australia Post to provide banking services in areas where they no longer exist. I want you to note that ANZ are not part of that deal. The banking services provided by Australia Post are extremely limited, and, whilst their staff will do their best, we know the post office is not a viable alternative to branch-level service. As I've previously noted, small-business customers cannot access the services they need at an Australia Post. In fact, anything more complex than simple deposit and withdrawal services is unavailable at Australia Post. For the elderly, if they still use a passbook they cannot bank at Australia Post; you have to have a transaction card.

According to the statistics that the union keeps, we estimate that there have been over 1,300 branch closures in Australia since 2016. However, we believe the true number is probably around 1,600, with approximately 500 of those in regional areas. Over 2,000 jobs have been lost in that time. The FSU is only notified of a closure when the bank involved issues a notice of major change. That's an IR requirement, and that involves redundancies and redeployments for our members. However, we don't always get notified by the smaller banks, as they don't particularly think they have to do that, so our numbers are not always accurate. This notification is not a notice of branch closure but a notice of major change, because of the implications for our members in respect to their jobs.

The FSU does not claim to be the arbiter or source of the current number of branch closures, nor do we seek to leverage off these announcements with sensationalist media stories. However, what we will do is advocate and fight for our members and the communities they live in, and ensure that they are treated with dignity and respect throughout this traumatic process. The FSU would obviously like to see better statistics, and, on the wider front, it would be preferable for APRA to keep branch closure stats in real time, instead of annually. It is their database, not the FSU, that is the official source for branch closures. I note that APRA is going to conduct a review of the way it keeps and reports these statistics, and we welcome and look forward to that review.

The FSU is still developing our submission to this inquiry; however, I can mention some of the ideas that we will propose. We believe banking is an essential service. We were listed as such through COVID. Through the pandemic, our members had to turn up every single day to service customers. At the moment in Australia there's no guaranteed, universal, minimum standard for access to banking services. Banking should be declared an essential service with a minimum set of standards developed based on principles of accessibility, affordability, transparency, fairness, security and responsiveness.

We think there's a need for a new code for branch closures, and there's a desperate need for a new protocol for closures, which should be done in consultation with all relevant stakeholders. Based on a UK model, the code should have three phases in our view: an initial announcement, post-announcement and pre-closure, and then post-closure. This code should be monitored and enforced by an appropriate regulator, and strict penalties should be considered when the code is breached. The banks too easily ignore their current voluntary code, and, if they breach the code, the punishment is akin to being flogged by a wet lettuce, as Paul Keating would say.

In terms of a community impact assessment, when a bank branch closes, bank customers and stakeholders should have the right to transparent and accessible communication of closure information and its impact on

customers and stakeholders. Banks should be required to conduct a community impact assessment to understand the potential effect of a branch closure on customers and the local community. This should consider factors such as the availability of alternative banking options, the accessibility of these options and the potential impact on vulnerable customers. Presently, the NAB are the only major bank that attempts to conduct some sort of impact statement. We have heard from the ABA that a template is in development, and our view is that this template should be put out for consultation to all stakeholders, rather than be an internal consultation process.

An appeal and right-of-review mechanism, we believe, should be introduced, providing customers and stakeholders with the right to appeal based on fair and impartial process, clear guidelines, accessible information, opportunity to provide evidence, timely decision-making and confidentiality. Additionally, a right to review could be implemented so that, when a regional community is suffering because whatever arrangements the bank put in place before exiting the town aren't working or have collapsed, that community can ask for a review that brings the relevant parties back for further consultation and a fix.

In conclusion, banks are an essential part of our communities and neighbourhoods, and Australians need to be able to access face-to-face banking services where they live. We know that, when bank branches close, there are serious ramifications for the community and the businesses in that town. Bank staff have told us that they are shattered at the prospect of losing their jobs at a time of such uncertainty, with little prospect of obtaining future work. It is not an exaggeration to say that a bank leaving is the beginning of the end for the community, especially if it's the last bank in town. We expect more from our most profitable financial institutions, given their social licence or social contract is built on trust and service.

CHAIR: Thank you very much, Ms Streets. That's an excellent contribution to this debate. I just want to drill down—

Senator ROBERTS: Excuse me chair, can we get a copy of that?

CHAIR: Yes. That would be excellent, actually. Have you got that—?

Ms Streets: I don't have it. I'll email it to you.

CHAIR: Given your appearing here, we might not get that until afterwards, but, if you could send that through for us to peruse later, that would be good. I will start by drilling down on your evidence—and I think it may have been on behalf of somebody—about targets to drive online business. Is that linked to remuneration? Are people within the banks given bonuses if they can drive more people to online access?

Ms Streets: The targets, especially across the big four, are sometimes linked to their bonuses, but we have seen a bit of that change post the royal commission. What is more at risk for our members when it comes to not reaching their targets is actually being sacked. They get very easily put on performance management process if they don't reach their targets, and they're given a short period of time to reach their targets. If they don't, then they face dismissal.

CHAIR: Who are the targets applied to? Are we speaking about a frontline teller? Have they got targets?

Ms Streets: Yes. Everybody from a teller through—

CHAIR: So right from the bottom and that frontline service through to managers.

Ms Streets: Everybody that works in a retail outlet is tasked with transferring their customers to a digital line. They've got particular targets around that, and, if they don't meet those every week—every day for some of those that I've spoken to about it—then the end result for them is losing their job.

CHAIR: They're being asked to dig their own grave?

Ms Streets: Yes, absolutely. And they have been for over a decade.

Senator WHISH-WILSON: Just to be clear: you're saying they've got targets. It's not just that they're being encouraged to talk to customers and say, 'Have you tried going online?' They're actually being incentivised and penalised or remunerated by some of these targets?

Ms Streets: Yes. Their manager's job at the end of the day is to see the transactions that went over the counter. In the example that I gave about not being able to take credit card payments in branch, our members were being questioned at the end of the day if, when the manager did the print-out, there was a credit card payment accepted over the counter. They were sat down and had a one-on-one conversation as to why they did that and why they didn't take them to the ATM et cetera.

CHAIR: So they're effectively facing two terrible choices here. They comply and meet the targets, in which case many of them will lose their jobs because everyone's gone online, or they don't comply and they get sacked anyway. That's effectively the choice they have.

Ms Streets: That's right.

CHAIR: These targets you mentioned are not as much linked to remuneration post the royal commission, but they're still linked to employment outcomes and disciplinary action?

Ms Streets: Absolutely.

CHAIR: I've got many more questions but I might just open it up and give a little bit of time to other senators. Senator Ciccone, we'll start with you.

Senator CICCONE: Thank you, Wendy, for appearing today. Just following on from that. I asked some question of the banks around the impact assessments that they're obligated to do by mid-2023. I just wanted to get your perspective too, in light of what you've just mentioned to the chair about targets. From your point of view, how would you like to see the banks develop their impact assessments—so consultation not just with the community but, obviously, with the relevant unions and employees. One of the banks mentioned that they speak to their employees at a local branch some time before they decide to close. Is that the case?

Ms Streets: That's not actually what she said—Ms Jones from NAB. What she said was that they speak to staff internally about that; she didn't say branch staff. Our branch staff are only told usually a week at most before their customers are told. So that's a week for them to consult with us about whether they would like to have input into supposedly changing the decision, but, as Senator Canavan has pointed out a few times today, their view of the English language and what 'consultation' means can be questioned at all points. So the staff that Ms Jones was referring to are staff in head office who become part of the group, if you like, that sit and make this decision.

What I think we heard—what I heard—from both Westpac and NAB this morning was that their decisions are made by drawing data. They don't talk to the people affected. They don't come out and talk to the communities. They don't do any of that. They admitted that to you guys this morning. It's all data driven. What you miss with data driven information are the conversations that occur. Not everything in branches is about inputting into a computer at some point in time, but that's all you can grab if you use data. There are conversations that people will have about how they might want a new credit card or to open an account, or there's a deceased estate—we heard that spoken about this morning. And Ms Jones was right; you cannot get that service in a branch if you're wanting to deal with deceased estates. But what you do get is the person who you know and trust, who will sit you in an office, phone the deceased estates department of that bank and put it on speaker phone. They will help you through what is often a very traumatic time, and they will assist you to do that work. You're sitting with a banker that you know and trust. That's very different to doing it over the phone.

Senator WHISH-WILSON: In relation to that trauma, Wendy, have you got any views on customers that have been scammed online or have had breaches with the protocols they have in online accounts? Also, have your members got any experience with domestic violence victims who are under coercion and are using branches and that face-to-face contact as the only means of actually accessing any kinds of financial resources?

Ms Streets: Yes. Our members do assist people in domestic violence situations often, and those people are not going to be able to get that same assistance at Australia Post. It's just not available to them. It's like our Indigenous customers. They often turn up at a branch and they don't have the appropriate identification, but bank staff know them, they know who they are, and therefore they give them the money that they're trying to get out of their own accounts. There are many instances where this just doesn't transfer to an Australia Post. For all the good workers that work at Australia Post, they are not bankers, they are not trained to be bankers, and the only thing that they can do is simple cash transactions. That's where the start and the end of their banking experience lands.

Senator WHISH-WILSON: Just in relation to the scamming, my wife's parents have both been scammed multiple times. It seems to be that elderly Australians are a particularly vulnerable cohort, especially because they don't have very good IT skills and they tend to trust in these processes that have been in place for a number of years. Is that an issue that's come up in any evidence that might have been given to the union?

Ms Streets: It's an issue that our members tell us is one of the reasons why older people don't want to transfer. The pressure that it puts on our members is that they must ask them every single time they come into the bank, even if they come in every day, five days a week. If they don't ask the same question until they eventually get them over the line, once again it goes back to their performance, and they get crucified for that. But one of the blockers is that older people are terribly scared of being scammed. They're not comfortable with digital. They're not even comfortable with cards. There are still quite a number of, especially, elderly staff who are holding passbooks. The banks told us that, when COVID first hit, each one of the majors had in excess of 35,000 customers still on a passbook. That was a very big focus and it needed to be because a lot of the branches were closed, and people weren't allowed to move around much. We all know that. That's over 100,000 Australians who still have a passbook, which can't be used at Australia Post.

Senator CICCONE: You would have heard earlier what I asked the banks around the post-closure support to staff. I was hoping you might be able to explain from your point of view, on behalf of the workers—

Ms Streets: It's hopeless.

Senator CICCONE: the 'support' that was discussed.

Ms Streets: I'll give you a recent example from one of the two banks that were here this morning. It was a regional branch in Queensland. The regional manager drove out to that branch and told the manager, who was the only permanent staff member left in that branch—they were sending casuals each day—that the branch was going to close. That regional manager never came back until the day it closed. For three months that branch manager didn't see that regional manager again. She was faced with having to have every single conversation with the customers. She has lived in that town her entire life. She had to start getting her husband to go to the grocery shop because it was too stressful for her. She had it all day at work, and then, when she went to do the groceries after work, people were coming up to her and crying because they were losing their last bank in town. We ended up with that member on a WorkCover claim. She closed the branch. She did her job, but under such duress, and the bank provided no support for her—absolutely none. Hence there is a WorkCover claim now. The first certificate she got from her doctor on the day after closure was an eight-week certificate, which is almost unheard of. Usually they stop at four weeks in the first instance. Their support is woeful.

What we're also seeing—and I think it was Ms Jones from NAB who quoted extremely high figures of redeployment, and that's true. Whilst we are in the business of keeping our members in jobs, we're also in the business of protecting them for their entitlements. What we've seen since COVID is a capacity for many of our people to work from home now, but it's not always suitable. What we're seeing is extreme pressure, when they are closing regional branches, for the alternative job being, 'You can just work from home; you can do call centre work from home,' or something else that they find you. But it is not always suitable for people to work from home. They might not have the appropriate space. There are a whole host of reasons. When our members say no, they are constantly being told now, 'Well, there's no retrenchment for you, so take it or we'll take it as a resignation.' And we have to go into bat individually for those members every single time. That's becoming a real workplace issue.

Senator CICCONE: So, every time there is a bank closure, people are sort of being forced to resign rather than actually being made redundant? Is that what you're saying?

Ms Streets: If they're saying no to a direct banking or call centre job. We don't agree with that, and we'll fight it every single time, but that's the pressure that they're putting on people. If people want their job, we will absolutely support them in that, and we'll make sure that they are set up appropriately at home—

Senator CICCONE: It might be a bit easier in metropolitan areas, but I guess in regional areas—

Ms Streets: It is easier because it's closer, but, in regional areas, you can't drive 100 kilometres to and from work every day.

CHAIR: Do you think there is some uncertainty about the Fair Work Act and how it applies to redundancies in these situations? I notice that a Commonwealth Bank employee, a financial planner, is suing the bank in court, at the moment on this very issue. Are you going to focus on that in your submission? Maybe I'd encourage you to.

Ms Streets: We will, yes.

Senator ROBERTS: Thank you, Ms Streets, for being here. I chaired the Senate Select Committee on Lending to Primary Production Customers, which was mainly rural, and we found inhuman treatment of customers, absolutely despicable treatment, and quite a lot of things that were totally wrong, immoral. The key to customers is the interface between the corporation and the customer, which are people and the employees. You said this morning to us over breakfast that the banks are treating people very badly. Can you give us some examples, and can you also tell us what message that conveys to the workforce in regard to how they deal with customers?

Ms Streets: I think the example I gave about the branch closure was a good one.

Senator ROBERTS: Can you tell people about that?

Ms Streets: I just said it before—about the branch closing, where the regional manager turned up the day to give the notice and then three months later to close the doors and not in between. Probably the most significant issue our members face at the moment is overwork. We have thousands of workers, particularly those who are management level and above, who are working anything up to 60 hours a week every single week of the year.

Senator ROBERTS: How much are they paid for?

Ms Streets: They don't get paid overtime. These levels are management up, where it's supposedly built into their contracted hours, but, if you divide the amount of hours that they're working by their remuneration, they're actually earning less than the people who report to them—in some instances, vastly less. The overwork in our industry is huge. We hear from members who are on the verge of committing suicide, who stop on the way to work because they just can't drive anymore or who vomit before they go into work. It is horrendous. We raise these issues all the time with the banks, and, for the most part, they continue to ignore it. Their answer is: 'These are well-paid people. We pay them to do this work.' You don't pay anybody to work 60 hours a week every week of the year.

Senator ROBERTS: What's the threat? Why do people do that? Are they loyal to the job, do they care so much about the job or is there an implicit threat that they will be sacked if they don't?

Ms Streets: The threat of being sacked is absolutely at the forefront, but they also care about their customers, so the workload becomes bigger and bigger. We can say to them every day of the week, 'You need to go home. You need to have a break,' but they will say, 'My customer's loan will fall over,' or whatever the customer is asking for just won't happen 'if I don't stay here and do this work. There's nobody else to do this work.' So it's that inherent care for their customers that keeps them at their desk but also the threat that, if they don't complete the task, they will be faced with losing their job.

Senator ROBERTS: Is it different in the smaller banks or the medium-sized banks?

Ms Streets: The pressure can often be different, yes. You'll find a lot of people working in the smaller banks now that are big four refugees—for want of a better term. The pressure is building on those smaller banks, but it's not as savage as the big four.

Senator ROBERTS: Is there a recognition? I imagine there is because there would be a smaller workforce for managers to deal with overall, so they'd be more in touch with the fact that, to have good growth for their small bank, they need to have good customer service. Is that generally the case?

Ms Streets: I'd probably agree with that.

Senator ROBERTS: You also mentioned that you're advocating for a new protocol for bank closures because we need a regulator involved. APRA and ASIC are not exactly bulldogs.

Ms Streets: They had a whole chapter on them in the royal commission findings, so we know that. What APRA and ASIC really need is more staff. Over the last decade, they've had their staffing numbers cut significantly. It's very wanting what they actually do, but they won't be able to achieve anything if government doesn't actually boost their staffing numbers.

Senator ROBERTS: We've seen APRA, at the very senior levels of that institution, misleading the Senate in its responses to my questions or being incompetently ignorant about what they're doing in terms of bank closures data. Adding more staff to an organisation that's got a culture like that is not going to do much, is it? Isn't it a cultural fix?

Ms Streets: I'm not an expert on APRA, so I find it hard to comment on that.

Senator ROBERTS: Okay.

CHAIR: Senator Roberts, this might need to be your last question.

Senator ROBERTS: This is my last question. It's about banks pushing the strategy of converting to electronic accounts. You mentioned customer stickiness and that they remain loyal to the banks. You've already covered the banks' targets. I'd like to know your general thoughts about what's driving this in the banks, but, in particular, could you talk about the tech problems in using digital? There are big flaws in that. You said that it's unfair to transfer customers to digital, and I think we've covered that. Open to fraud—I'd like to know about that.

Ms Streets: In our view, the thing that drives the big four in particular is nothing more than profit. They can never be profitable enough in their own eyes, and they will never change, unless we get some government intervention.

Senator WHISH-WILSON: The NAB's corporate logo is 'more than money', but I'm not sure what more, to be honest.

Ms Streets: They love money, but they just want more money!

CHAIR: They should get rid of the 'than'!

Ms Streets: We probably should just take out the 'than' and have 'more money'.

Senator ROBERTS: Isn't their name 'nab'?

Ms Streets: They are totally driven by profit. At the end of the day, we have an industry where our CEOs in particular get paid an exorbitant amount of money. It's extreme; it's 300 to 400 times what normal finance employees earn annually. It's obscene. Their bonuses are well and truly tied to the profit that those banks make. This is all about making more profit every single day.

Senator ROBERTS: Short-term profit.

Ms Streets: Short-term and some long-term profits—if they hang around long enough. But, for most CEOs in our industry, if they last five or six years, that's the end of their time.

Senator ROBERTS: So they make hay while the sun shines. Thank you.

Senator WHISH-WILSON: Thanks, Wendy. One thing we heard from the two banks this morning is that they're going to implement the Regional Banking Taskforce's recommendations in full. What's FSU's view on that task force? Do you have any confidence in the process, the structure and recommendations around that?

Ms Streets: No, we don't. Our view on that task force is that it was a last-minute decision by the previous coalition government to try to look like they were doing something on the eve of an election. It was very short. They didn't consult with us, and we are the only union that represents members who work in the finance industry. There were lots of groups that didn't get consulted. Our information is that they only went to two regional towns. Like I said, it was short.

The banks, especially the big four, all had input into it. They knew what was going to come out of it. But it didn't produce anything, in our view, that will in any way fix the problems. That's why we're very happy to be working with this inquiry over the next 10 months, to make sure that it is the inquiry that our industry needs so desperately.

Senator WHISH-WILSON: Wendy, you're probably the person in the best position to answer this question. The banks have been referring in a number of their responses to the fact that Australia Post can do certain transactions. We heard that again from them today. But you've made it clear that their workers, while great, aren't trained to be bankers. In terms of expanding, whether through legislation, regulation or otherwise, the functions of Australia Post to fill the gap, what kind of training would be required for their staff? Would we be essentially talking about having to set up a bank-like structure for them to be able to do that? Or do you think their employees could potentially do the training, join your union or whatever, and actually expand those knowledge horizons?

Ms Streets: We don't think the Australia Post model—or increasing that to become some kind of bank—is the way to proceed. Last year, the big four banks in Australia made a combined \$30 billion in profit. There is no reason in our view that they can't remain in regional and remote Australia. They have sufficient resources to do that. We don't think government should have to set up another bank to cover for these four, who, as Senator Roberts has pointed out numerous times today, come for all the government guarantees whenever the going gets tough. These four pillars will not be allowed to fail. Why do they get off scot-free, and why do we say the Australian taxpayers should have to set up another bank to cover them when they leave? I think that's grossly unfair. What we need is for these four to continue to invest some money in regional and remote Australia. It's where they derive a whole lot of their profits from.

Senator WHISH-WILSON: It's interesting they say that 90 per cent of their customers today are staying with them, even when they're closing a bank. Do you have any views on that?

Ms Streets: I think the figure is actually much higher. Through the Hayne royal commission, the evidence that was given by the big four at that point in time was that they lose between one and two per cent of their customers when they close a bank, so it's much higher than 90 per cent. People don't leave because (1) they don't see that any of them are any better than the others and (2) it's costly, whether it's costly in time or it's costly in money to actually move, especially if you're a business customer. You can be faced with a lot of fees to actually transfer mortgages and facilities over. That's why customers stay with them.

Senator WHISH-WILSON: Is account portability something you think we should be working on? There was talk a few years ago about getting some legislation around enhancing account portability.

Ms Streets: One of the other things I'd like this committee to consider is that this shouldn't just be the burden of the last bank to leave town. Most often, multiple banks, if not all four of them, have been there, and we'll often see—and we do this as well—the media get into a frenzy and we get to talk about it when the last bank leaves. But for us the fix has got to include all four, whether they were in town in the last decade or not. Together they've got sufficient funds to ensure that regional and remote Australians have access to good face-to-face banking. We don't believe it's just their responsibility, because that's just a race to the bottom, right? If there are only two left in

Sale at some point in the future, that just hurries up those last two, because they don't want to be the last one in town. We've got to get away from that scenario.

Senator WHISH-WILSON: Okay. You've mentioned that you believe it's an essential service. Presumably then we need some kind of community service obligation, to go back to the previous parliamentary inquiry many years ago around this. Maybe you could take it on notice, but do you have any view on what that would look like? Presumably it'd have to be legislated. I don't think a voluntary code around a community service obligation would work, so it may have to be regulated.

Ms Streets: Our view is that, if we don't get some regulation, nothing is ever going to change.

Senator WHISH-WILSON: Right, okay. Just as a matter of interest—and I know you're comparing lots of different branches across different parts of the country—what is the main cost for the banks? Is it labour costs or commercial leases? Do most of them own their own properties? I just presume they would. What would be the main factors of the cost?

Ms Streets: It's a combination of ownership and leases. The other thing I'd like the committee to know is that you shouldn't be led to believe that, just because there has been a refurbishment of a branch, that means the bank is there to stay long term. What used to happen back in the 1990s and the early 2000s was they wouldn't renew leases, they wouldn't do the painting and they wouldn't upgrade anything, and we could pretty much target where the closures were going to be. That is not what happens now. We have seen branches where in the last six months they signed a five-year lease and then they announced that it was closing; or they refurbished and then they announced that it was closing. There's no rhyme nor reason now to how they make those announcements. Don't be fooled. Just because they've invested some money and given it an upgrade doesn't mean that they're going to stay for the next five years. That has not been our experience over the last five years.

Senator WHISH-WILSON: Okay, thank you.

CHAIR: Thanks, Senator Whish-Wilson. Senator Rennick.

Senator RENNICK: Hi, Wendy. It's good to talk to you again. Do you know how many bank employees have either lost their jobs out of regional bank closures or had to relocate to a different city to maintain their jobs?

Ms Streets: Our figure is that since 2016 there have been 2,000 job losses. That's actually losses; that's not people who have—

Senator RENNICK: Had to relocate?

Ms Streets: I don't have the figure on how many have been redeployed. It's too haphazard for us to accurately measure that because we, of course, talk only to our members and, unfortunately, there are plenty of finance staff who are not our members. Our figures would not be accurate in that—

Senator RENNICK: Okay. So it's at least 2,000?

Ms Streets: Yes.

Senator RENNICK: In your view, have banks made a genuine attempt at relocating back-end services carried out in the cities to regional branches where the rent, for example, is a lot cheaper and probably the wages are a lot cheaper, or have they preferred to just centralise services in the cities?

Ms Streets: For the most part they centralise services in the city. I've been with the union for 25 years, and there have been a couple of instances when they've moved call centres and loan-processing centres—quite a while ago now, though—when the state government gives them a payroll exemption for five or 10 years. It happened in Hobart. Westpac went to Hobart, probably 15 or maybe even 20 years ago now. We also saw it in Adelaide. Once again, it was Westpac that went. That was all on a payroll exemption from state governments to try to boost employment. I haven't seen anything like that—certainly nothing that goes to regional areas.

Senator RENNICK: Do the banks have any offshore service centres at all?

Ms Streets: Some of them do. ANZ in particular has been in India and the Philippines for at least 15 years. NAB work out of India as well. Westpac had some work in India. Some of it was brought back onshore at the start of the pandemic because it became particularly difficult for them to run the business through the pandemic with the different requirements that different countries had, but not all of it. Yes, there is definitely finance work that gets done offshore.

Senator RENNICK: Thank you. That was the last question. I will finish with this comment: it's a bit rich to be offshoring jobs while they're closing jobs out in the regions, where the profits are made.

Ms Streets: Absolutely. I couldn't agree more.

Senator COLBECK: Thanks, Ms Streets, for being here. I want to go back to the evidence that we heard this morning—and I think it's pretty evident—that the banks have a strategy towards digital. It's not necessarily a customer preference for digital. Your evidence today would appear to confirm that it is a definite strategy and it's actually driven through a requirement for the workforce to push people in that direction.

Ms Streets: Absolutely.

Senator COLBECK: As Senator Canavan said, they're effectively being required to dig their own graves.

Senator WHISH-WILSON: Would they have known that this was going to lead to branch closures?

Ms Streets: Our members?

Senator WHISH-WILSON: Yes.

Ms Streets: Absolutely, but they want to hold on to their jobs for as long as they can. You've got to do that in one of two ways: you comply so that you can stay on until the bank eventually closes, or you don't comply and you're out really quickly.

Senator COLBECK: You talked about, for want of a kinder word, the counselling that's being provided for the discussions with employees to achieve the targets that are set. How does that work for somebody who quite simply doesn't want to change the way that they're operating their accounts?

Ms Streets: The expectation on our members is that they must continue to ask. Every single time that customer comes into the bank, they have to ask the same series of questions. They get the same responses, but they cannot drop it. There's no way they can mark that customer as 'never ask again'. In my view, it eventually becomes harassment of the poor customer, but our members don't have a choice. There is no way for them to mark, 'Don't ever ask Richard again, because he's a definite "no" on this.' There is no capacity for them to do that at all.

CHAIR: Can I ask, on a slightly different tack, about the skill set of your members. Particularly in a country town, where there's sometimes a drought or a natural disaster and often farmers or small-business people are facing financial difficulties, how well trained are your staff to provide some degree of help to those people facing those issues when they come into a branch? How much worse could it be for those customers in those situations when there is no branch and no-one to talk to face to face and they have to do it online or on the phone?

Ms Streets: Our members are often the same affected people, because they live in those communities.

CHAIR: Yes, that's right.

Ms Streets: I've had so many instances over the years where our members continue to turn up for work, even though their house might be flooded. They'll go in to service their customers, who they know are suffering the same dilemmas. They turn up to help them. They can assist them because they're experienced bankers. In those emergency situations, the big four predominantly do do a good job of bringing in extra resources, setting up temporary caravans or doing whatever they need to be able to provide services to the customers. Through their own dilemmas of their own house flooding or cyclone damage or whatever it is, they continue to go to work, and they continue to help their customers because they know them, they're part of the same community, they understand them and they usually know where they live. You cannot replace that with somebody over the phone who is thousands of kilometres away and who has no idea what these people are going through. It just can't happen, and it doesn't happen.

CHAIR: I think that's absolutely right. I have many more questions, but we are running out of time. I just quickly want to ask about the NAB impact assessment. You referred to it earlier. They tabled it earlier for Maffra. Have you got any comments on how they put this one together? As you said, at least now they're doing it, but it seems to me that it's a bit of a tick-the-box exercise. What are your thoughts on that?

Ms Streets: I'd agree with you. NAB get a tick because at least they're doing it—none of the other three are—but, yes, it is a tick and flick. It needs to be so much more robust, and we need to work on that, as part of this, in consultation and get that robust system. But at least NAB are using what's in front of them. The others have to be dragged kicking and screaming to that one.

CHAIR: Thank you very much, Ms Streets. That was very useful to the committee. I'm sure we'll be hearing from you more through this process. Thank you to Ms Ellery as well on the phone.

Ms Streets: I think Ms Ellery has some things to say.

CHAIR: Sorry. I thought we'd given her the opportunity to start. Ms Ellery, I'm happy to hear from you. If you could keep it as brief as possible, though, that would be fantastic.

Ms Ellery: Thank you for the opportunity to appear at this important hearing. I've worked in the finance and banking sector for 40 years. In that time I've worked for three of the four big banks: Westpac, ANZ and NAB for the 10 years ending in early 2022. I've also worked for St George. I live in the Yass, New South Wales area.

My experience with the regional branch closures has been that the thin edge of the wedge is the practice of moving customers over to digital options very much often against their will. This is especially true for the elderly, people with English as a second language and people dealing with mental and physical disability. Not everybody has access to the internet. While you must have access to a bank account to receive a social security payment, rough sleepers and other economically disadvantaged Australians, including from Indigenous backgrounds, often don't have a smartphone or a web enabled device. Their only way to obtain money is to come into a branch. Not everybody is physically or mentally capable of using either an internet banking kiosk in the bank or the increasingly complex smart ATMs.

We live in a world where a bank account is now a fundamental necessity. It is unjust to deny some people access to banking services because head office thinks the cost of providing them with a service is uneconomic. Because of the unique service they provide, banks have a special obligation to look after their customers. They are no different in this regard from telcos and energy companies in my view. It should be remembered that banks were deemed an essential service during COVID. Australian taxpayers bailed the banks out by guaranteeing billions of dollars in deposits during the GFC. The Hayne royal commission showed how they repaid that favour, and it's just not good enough.

On the subject of the royal commission, targets, which we spoke about just now, are still part and parcel of the industry for banking staff. During my tenure with the NAB bank, I had to migrate a predetermined number of customers to online banking each month, whether they wanted it or not. As you can imagine, this became harder and harder to do, as the tech savvy pool of customers transitioned, leaving only those who, for the reasons I've already specified, wanted the personal service and support provided by trained branch staff. I always took great pride in helping people solve their problems and felt I was providing a valuable community service.

The not-so-hidden agenda about using concierges to shepherd customers away from the counter and onto the ATM or internet banking kiosk has always been to reduce the number of staff assisted transactions. This self-fulfilling prophecy can then be used as a justification to amalgamate some branches, reduce bank opening hours and close others. This is particularly hard on the residents of country towns and the people who live on farms and operate local businesses. Towns such as Tullamore and Trundle, in central western New South Wales, lost their banks many decades ago. They are up to an hour's drive from the nearest communities with operational bank branches. Other country communities such as Yass, where I live, lost their ANZ some years ago. Their Westpac closed last December and NAB is only open for half a day at a time. This has left the Commonwealth Bank in this community as the last full-service bank, and I suspect those days are probably numbered. In Cooma, to the south of here, NAB has also closed, in December 2022.

All of these towns, like most of regional Australia, have a disproportionately high number of elderly, Indigenous, disabled and impoverished residents. They feel the loss of their banking services very keenly and often have to pay significant transaction fees of up to \$3 for balance inquiries and withdrawals, to access their accounts through privately operated auto tellers. These costs can add up to a significant amount over time. The other downside is that those residents with the ability to travel to a regional centre to access banking services will then do their shopping while they are there. This undermines the viability of local businesses and is just another step on the downward spiral.

The loss of its banks can be a death sentence for a country town, particularly for cash dependent businesses such as car washes, laundromats, newsagents and the like. What limited banking services are available through post office networks and many privately operated post offices are surviving on narrow margins, and there is no guarantee such services will even be available in two, five or 10 years time.

It is also important to note that, despite recent claims by Anna Bligh, CEO of the ABA, that almost all banking transactions can be completed at a post office—that's not the case. Try depositing or withdrawing a large amount of notes or coins, or negotiating a personal loan, a home loan restructure or a credit card application at a post office in a small country town. Good luck with that! You'll be told you have to go through the bank's online facility or ring their call centre.

This is even more important: post office staff are not trained bankers. Unlike professional bank staff, like myself, they've not had the training to identify things like money laundering, financial elder abuse, phishing and fraudulent transactions. This creates a massive loophole that circumvents all the work that has been done to protect bank customers in recent years.

CHAIR: Thank you very much, Ms Ellery. Sorry I missed you there at the start. That was very eloquently put. Thank you for putting that on the record. Thanks again, Ms Streets. I don't believe we put any questions on notice, but if we did we're asking for answers back by Friday 10 March.

McIVOR, Mr Julian, President, Sale Business & Tourism Association**STEPHENS, Mr Garry, former President, Yarram and District Traders and Tourism Association**

[14:49]

CHAIR: I welcome Mr Julian McIvor from the Sale Business and Tourism Association and Mr Garry Stephens from Yarram and District Traders and Tourism Association. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. You have the opportunity to make a short opening statement, if you'd like, and then we'll go to questions. We might start with you, Mr McIvor.

Mr McIvor: I really appreciate the opportunity to contribute today. The announced closure of Sale Westpac branch came as a surprise to many. In the last two weeks, I've reached out to local businesses in our association, and the feedback I have received highlights serious issues that I doubt Westpac is aware of because of its failure to consult its customers or our community. Online banking has its limitations. Small-business owners want to bank their cash at a physical premises. So do community groups, sporting clubs, churches, local craft markets and fundraising groups. Westpac's announcement of an agreement with Australia Post has already been exposed as completely inadequate. As reported in the *Daily Mail* and even discussed here today, local post offices don't offer the business services needed for large amounts of cash. Many don't like the idea of depositing into an ATM, which poses legitimate safety risks, but even so there has been a 34 per cent reduction in ATMs across regional Australia in recent years.

I spoke with a local accountant who has more than 20 years experience in this community. He said that small-business owners rely on their bank manager as part of their trusted advisor group. Running a small business is demanding and stressful, and proprietors need experts in their field who they can trust to provide advice and guidance, especially during difficult times. We are in one of those times right now. Small-business owners have just come out over a period of frozen repayments on many loans due to COVID and now face the highest interest rates of the last decade along with a slowing economy. The pressure these conditions place on small business is extreme, and they need support. That doesn't come in the form of a phone operator on a general hotline. They need their trusted advisor, their bank manager, close by and easily accessible.

The director of a local law firm has raised concerns about how the closure of the Sale branch will affect her clients and her business. Firstly, the elderly and the vulnerable, as we've heard today, require face-to-face banking assistance. This helps them maintain a level of independence and confidence and reduce the risk of elder abuse and financial scams. Secondly, certain businesses, organisations and government departments still use cheques, and these need to be banked. Thirdly, many banks still require original signed documents in processing deceased estate matters. Without a local branch, the only option is for the law firm to post the documents. This takes time, which adds to stress and avoidable financial pressure for the bereaved family members.

If the Westpac branch closure in Sale goes ahead, local customers who need face-to-face banking will be forced to drive 45 minutes to their closest branch. This is not good enough. We might be regional, but we're not Third World. Westpac is a multinational company that made more than \$20 billion in revenue last financial year. It has the means to properly service smaller communities and a corporate responsibility to do so.

This will hit small businesses hard. They are the engine room of the local economy, and to still be trading after the hardest two years in business is a testament to the hard work and ingenuity of local people. These are the people who have taken risks, stuck their necks out and continued against the odds because they have confidence in this community. Many lost revenue and savings and have been forced to scale down, but they are still here. Yet a company making \$20 billion a year is telling them it can't afford to stay in our town. The closure of Westpac will send the message that it has lost confidence in this community and its economy, and this is an absolute kick in the guts.

Historically, banks have been foundational to regional communities. Their longstanding support of sports clubs, community groups and local events showed the exact opposite of what is happening here today—confidence in a community and an element of giving back. It forged a strong connection between the community and the bank, and in turn local people supported those who supported them. I want to ask: what happened? The connection is rapidly disintegrating before our very eyes.

This community is drawing a line in the sand, because if Westpac closes its Sale branch, how long will it be before the NAB closes, or the Commonwealth Bank or the ANZ? It sets a dangerous precedent for regional communities. Today, this town isn't just fighting for our local Westpac branch. We're fighting against centralisation, against big corporates putting an end to the local bank and against the notion that it is acceptable to close branches in small towns for the sake of a measly amount of profit.

CHAIR: Thank you, Mr McIvor; well said. Mr Stephens.

Mr Stephens: Thank you. In 1986, when I first moved to Yarram, the town and district were served by a full-service branch of each of the big banks, plus a branch of the Compass Building Society. Like many small rural communities, the community has seen the service slowly deteriorate over the years. We now have a Bendigo Bank, post office banking and two ATMs, and, given the distance from Yarram to our nearest regional towns, our residents and small business owners now have a between 140-kilometre and 144-kilometre round trip to visit a branch of a major bank. For younger, older or disabled residents who do not have access to private vehicles, we do have a limited bus service to Traralgon, but there is no direct public transport to our shire centre here in Sale.

Whilst it would appear that people can access banking services at the post office, there are many limitations to the service. These limitations include the following. You cannot bank money into the account of another person without the pay-in book for that account. Obtaining change is a problem: if an individual wants to change a \$50 note for five \$10 notes, technically, the \$50 note should be paid into an account and then drawn out again. This is so the post office gets two full fees for service. If a person has a passbook or a pay-in book that runs out, the post office does not have access to a replacement. And I've been told that some customers feel there is a lack of privacy and security in doing banking in the small space at Yarram. I would like to note, however, that our local post office and its staff do provide the best possible service they can within the limitations they work under.

One of the big issues for the public is access to ATMs, in particular the former ANZ bank machine, which I'm advised is now managed by Armaguard. The machine has a bad habit of breaking down and swallowing cards. Once a card is gone, the customer will never see it again—more on this later. It has also been pointed out to me that it's not only older customers who need face-to-face assistance; disabled customers are particularly vulnerable when they don't have access to staff to help them with their banking. People are stressed and confused by the reduction in service levels, and I'd like to submit that this is going to be an ongoing situation. The young, computer-savvy person of today is going to get older and eventually a little bit uncertain, and most of them are going to have problems with their sight. Hopefully, their sight won't deteriorate as fast as the level of banking services.

There has clearly been a move away from cash since the start of COVID. Everyone uses their credit and debit cards a lot more. At face value, this should make it easier for a business; however, the banks have got the small-business owners over a barrel with fees. Every business I spoke to complained about the level of fees that they are charged each month. Some businesses can pass these fees to their customers; I can assure the committee you cannot do that in a small community. You will be outed on social media or by word of mouth and lose business.

Businesses that still need cash to operate face a real problem. Bendigo Bank will not provide change to non-customers. Australia Post requires a day's notice of change requirements as long as you are not an ANZ customer. Two business owners told me that they have to travel for over an hour in one case and 1½ hours in the other case to obtain change from their nearest branches while they're still open. One lady has stopped going to markets, which was an important extra for her business, due to the hassle of getting change for her business.

Small businesses also need relationships with business banking managers. When my wife and I purchased our small business, I went to Westpac because I had a personal relationship with the manager. We were both members of Apex together. When the Westpac branch closed, I closed our account and transferred to the Bendigo Bank. Not every business can do this. I'm not sure how you build a business relationship with a big bank today. One lady told the association that her business banker is in Bairnsdale but she doesn't access the service or get advice on building the business because it's too far to travel. One businessman made the observation that all his inquiries now have to be by phone. He can wait online for an hour to be answered, and then it takes days to get an answer to his inquiry. I was speaking to another business owner who had to open a personal account at the Bendigo Bank to enable her to pay in the occasional cheque she receives. This at least also gives her an opportunity to acquire change for her business.

Future actions: what can be done to help customers, in particular small-business customers? In the first instance, if all ATMs were converted to touch-on machines instead of insert-your-card machines, no-one would lose their card due to a machine malfunction. This would not be difficult to achieve and would be a win-win for everybody. Secondly, if all major banks would make a deal with whatever bank remains in the town to enable businesses to cash up, this would be a great benefit to a business that still needs cash to operate. Thirdly, the banks need to review the level of card fees being charged to small business. Due to increased card usage, I would suggest that the banks are making a lot of extra revenue. It would be possible for the banks to reduce card fees by at least 25 per cent to assist their customers. Finally, the major banks should have mobile regional business banking managers who visit businesses and publicise regular times for appointments with prospective clients.

As a special matter, the ANZ bank needs to form a relationship with Australia Post to provide some service to customers in rural areas. All the major banks need to live up to the rhetoric they keep on spouting about how they are working with regional and rural Australia. At the moment, the evidence suggests a completely different story.

In conclusion, I've not raised the needs of community organisations or suggested more costly outcomes. I've tried to focus on simple solutions that would help customers. On behalf of the association, I would like to thank the committee for its interest in the inquiry. I hope that we will get some positive outcomes and improve service for all banking customers—but, in particular, small business. Thank you.

CHAIR: Thank you to you both for that evidence. I might kick off before asking other senators. I just wanted to start, Mr McIvor, with your comments on the need for cash for local businesses. We heard earlier, I think, from memory, that Australia Post is limited to deposits of \$7,000 a day or at a time and \$35,000 over a week. In your experience, with your knowledge of your members' requirements, would that be quite restrictive for some, in terms of the deposits they'd potentially need to make?

Mr McIvor: To be honest, I probably couldn't answer that really honestly or directly. What I do know, just from having a couple of conversations, even this week, with local businesspeople, is that some of them have actually said that they encourage clients to pay cash, purely so that they can walk into a bank—or, at least, the banks we have here at the moment—and deposit cash so that the banks feel that there's a need for them to stick around and hang around. But I imagine there'd be plenty of businesses in our community that still deal with a lot of cash. I don't know whether it's up to \$7,000.

CHAIR: For some, their turnover would probably be bigger than that, wouldn't it?

Mr McIvor: Yes, for some.

CHAIR: And therefore they'd need those sorts of deposits to have some sort of reach. We did, in fairness, see that there are attempts to try to change or expand those limits, but that's where they are at the moment.

Mr Stephens, you mentioned Australia Post as well. What are the key limitations on Australia Post's services right now? If our committee were to try to invest more in Australia Post or see them expand their services to help in this situation, what are the priorities for the government to focus on?

Mr Stephens: I think that they would need to perhaps have the ability to provide some banking staff on an appointment basis inside the branches so that people could talk to their local banking representative. One person told me that they had to sign a piece of paper for their bank and had to drive to Traralgon, which is a 124-kay round trip, just to sign it. So some ability to get documents into the local post office for people to not have to travel would be very useful. To be able to get all the forms inside the post office branch would be useful. So, yes, clearly there's a bit of work, I think, to be done to see exactly what the needs are. There is clearly extra work that needs to be looked at.

CHAIR: Senator Roberts, do you need to go soon?

Senator ROBERTS: Yes.

CHAIR: Do you want to ask some questions?

Senator ROBERTS: Just briefly. Thank you, Chair. Could we call Australia Post, or could someone tell us more about their options?

CHAIR: I'm sure Australia Post will be appearing at least once before this inquiry.

Senator ROBERTS: Thank you. To you both—just for thinking about, because I've got to leave. I can't afford to worry my wife by staying in 'Danistan' too much longer. I'm afraid of being trapped. I love Victorians, but I'm not in favour of your Premier. Are we, in maintaining the big four banks, flogging a dead horse? Is it so bad that we should be pushing for an alternative?

Mr Stephens: I'll take that question. I would say yes, Senator Roberts, and maybe we need to have a closer look at the post-office bank you want. Certainly, without the Bendigo Bank, we'd be in huge trouble in Yarram. The big four banks have basically abandoned us, so I've got no problem with abandoning them in return.

Senator ROBERTS: There's a man over there from the Citizens Party, Robert Barwick, who can talk more about post-office banking. He's done a hell of a lot of work on it. Thank you so much, Chair.

CHAIR: No worries. Thank you for coming all this way, Senator Roberts. I might just go back to where I was going, which was picking up on that. What is the situation in Yarram today? You mentioned Bendigo Bank is there.

Mr Stephens: Yes.

CHAIR: Is that one of those banks that are supported by the community?

Mr Stephens: No, it's not. It's actually a full branch of the Bendigo Bank. I regret that we didn't take an opportunity a few years ago to make it a community bank so we'd have more certainty about its future.

CHAIR: It's a bit unfamiliar to me, but, from what I've been told, in a community model some people have to invest in that branch and take equity to some degree.

Mr Stephens: That's right. Maffra's got one of those, and Toora.

CHAIR: Right. So you actually would prefer that model, even though it requires locals to stump up cash, so to speak?

Mr Stephens: I think it might give us a bit more certainty, and we'd also be able to get a return back into the community because that's what those branches do.

CHAIR: Yes, that's the model. That seems very innovative. But I presume that there are a lot of things that people need to do that Bendigo Bank do not offer, certainly on the business side in particular. Is that correct? Am I right about that?

Mr Stephens: Certainly, the branch in Yarram provides a full range of services. It could do with more staff, though, when you're standing in the queue for 25 minutes to get \$10 out.

CHAIR: It's a good sign that there are people there!

Mr Stephens: It is a good sign.

CHAIR: Mr McIvor, one thing that struck me is that this is a seemingly thriving town. There are 15,000-odd people, I'm told. It's a beautiful town. I can't understand why Westpac would be pulling out of a place like this. Have you been able to have any conversations with them today, or do you understand their thinking about why they would remove themselves from here?

Mr McIvor: No, I haven't had any discussion or contact with Westpac. I agree with you; we have a beautiful town. We've got a beautiful shire. It's a thriving shire. Like everywhere, it's had its challenges. But it really is a beautiful part of the world. It just beggars belief that banks are looking at closing down in a place like this, especially when, like I said, in the past they've been such a part of different aspects of the community. There just isn't that connection anymore that we used to have.

CHAIR: What have the broader business conditions here been like? Either through COVID or putting COVID aside now that we're through it, what's the outlook like? Is there a level of positivity here among businesses about the future?

Mr McIvor: Yes, definitely. I think so. We've had our hard times, like most. But we've got some really good industry here that I think just brings some great confidence to our retail precinct. Moving forward, I think people are very confident.

CHAIR: So Westpac's decision is a bit of a kick in the guts, is it, to that confidence?

Mr McIvor: A hundred per cent, yes. Again, I've spoken to a few people that aren't Westpac customers, and the response has been 'I don't bank with Westpac, but I don't want to see Westpac close.' They don't want to see any bank close in our community because that begins to erode the community and the sentiment.

CHAIR: More broadly—not just Westpac but all the banks—what are they like in terms of participating in the community? Do they sponsor things? Are they part of different charity drives and those sorts of things? Are they involved in the community in a way?

Mr McIvor: I'm not sure. I couldn't answer that properly. I don't think so. I could be wrong. I've definitely seen Bendigo Bank signage on different things around different events. That's not to say they're not involved. Like we heard just before, obviously the staff are local people. They live locally and they get involved in all sorts of things, certainly, in a personal way. But, to be honest, I couldn't answer that question.

CHAIR: Okay. Senator Rennick.

Senator RENNICK: I won't take too much of your time, Julian. Do many businesses have safes on their premises or do they rely on putting their cash in a bank?

Mr McIvor: I probably couldn't answer that question either. I'm sure there are some businesses that would have safes and things like that, but, even the times when I'm in the bank, there have been numerous times when I've seen people come in, depositing their cash for the day—that is certainly in the bank that I bank with. As to whether they keep it there for a day or two, it's certainly not something they could keep there, purely from a safety issue standpoint, for any long term. They would need to get the cash in the bank, where it's—

Mr Stephens: My observation is that there would be very few businesses in my community that would have any secure storage facilities, apart from a shoebox under the desk!

Senator RENNICK: That's right. If you want a secure safe, you're looking at a couple of thousand at least.

CHAIR: My last set of questions is about travel time. I might be getting confused, but I think, Mr McIvor, you said it's 45 minutes now for a Westpac customer?

Mr McIvor: I figured that the next closest Westpac, at least, is Traralgon. That's probably about a 45 minute trip one way.

CHAIR: Is there any public transport from here to Traralgon?

Mr McIvor: Yes. It's limited.

CHAIR: So that's pretty tough for people?

Mr McIvor: Yes.

CHAIR: And obviously it's just completely unreasonable for businesses. A small-business person doesn't have 90 minutes in their day to be travelling between towns.

Mr McIvor: That's right, just to deposit money and other things.

CHAIR: That's not possible. For you, in Yarram, you've got the Bendigo Bank, but it's about the same time, is it? How long did you say it was?

Mr Stephens: It's about a 50 minute trip to Traralgon. It's a similar trip. Perhaps you have to allow 55 minutes to here, as being the next two biggest towns.

CHAIR: Is there anything you want to recommend to us that you think the government should do to help with this situation? We've heard evidence about codes of conduct or mandatory requirements, and ideas about postal banks et cetera—or, I should say, government funded banks. Is there anything you want to particularly highlight to us today?

Mr Stephens: Apart from the few quick things that I mentioned in my presentation, if I were really going to go the whole hog then I'd say we should almost have a transaction centre in larger towns which the banks shared the cost of running. That would be really good. But I'm not very optimistic about getting that outcome.

CHAIR: In some respects, that could be where the Australia Post model moves to—

Mr Stephens: It could; absolutely.

CHAIR: Or contributing, in a way, through the service contracts they have with them. But, as we have heard, that does have its limitations. Well, if there is nothing else, I want to thank you, Mr McIvor and Mr Stephens. Thank you for your patience today. I don't think you've taken any questions on notice, but, if you have, they are due back by Friday 10 March. Before we go to the open mike session, I have an email from Councillor Sonia Buckley from the East Gippsland Shire Council. I'm going to read her evidence into the Hansard record:

'As a remote councillor from the East Gippsland Shire, I am situated in Benambra, a small town next to Omeo. With the recent closure of the Bendigo Bank, it is a four-hour round trip to get to my nearest bank. The elderly just can't do it. Our community have fought hard to keep the Omeo Bendigo Bank, and now the only option for us would be a full postal bank service. The real question and concern that many in remote communities have is around the consideration of the real impetus of why banks are switching to digital services and hence destroying the cash economy. Many people feel the threat of the big banks and the commercial corporations having complete digital control and power over people's money is the biggest threat of all, and what that type of power could mean. Cash allows freedom of trade. What can be done to address this issue? Are we heading towards a cashless society?'

I thank Councillor Buckley for providing that.

BLORE, Mrs Tracey, Private capacity

ROBERTSON, Mr Denis, Private capacity

[15:15]

CHAIR: We will move to the open mic session for members of the community. I ask that members of the community please aim to keep their statements to around one to two minutes. This will allow the committee to hear from others—we've only got a couple, but if you could keep it brief that would be great. I would like to remind you that these are official parliamentary proceedings, a *Hansard* record will be prepared, and the discussions are being broadcast.

Can I please ask that you not to divulge confidential, personal or identifying information when you speak. The committee understands this is a sensitive issue, but we ask that members of the community refrain from making allegations against named individuals in this forum. If you wish to supplement your evidence today with written information you can forward that to the secretariat after this hearing. The committee's contact details can be found on the bank closures inquiry website. With that, sir, I think you had your hand up first.

Mr Robertson: I've been with Westpac since 1968 when it was the Bank of New South Wales. I did apprenticeship in boiler making, worked eight years in Nestle, and the last 34 years at the hospital. I've been with them all that time and I'm what you call one of the vulnerable customers. I don't know anything about computers and nothing about online. The finance guy from Westpac was saying this morning that they've made an agreement with the post office. That's all double-dutch to me; I don't understand any of that. You can't take away the face-to-face dealings in the bank. That's how I've done it all my life, and to take that away—I don't think they've got the right to do that. There must be X amount like me. I like to go into the bank face-to-face and do my banking there—sometimes at the ATM. I am one of the vulnerable ones. As they said before, Westpac made an enormous profit last year. To be honest, in my opinion, there should be no way known that the Westpac here should be shutting. It should continue to go all the time. People have got to speak up, because if no-one speaks up things will just go, and I wouldn't like to see the Westpac shut.

CHAIR: Spot on about that. Thank you very much for that, sir.

Mrs Blore: I wear probably three hats here. I have been a Westpac client for the last 45 years. I also started my career with Westpac. I joined the Bank of New South Wales in Yarram in 1982. I spent 21 years with them, my last nine years being at the Sale branch. I left Westpac in 2003, and I am now a mortgage broker. I own my own small business, which I've had for 20 years. Westpac is one of the lenders that I use to write loans: I'm accredited with Westpac, and they're on our panel. I would like to point out some observations that I've noted down during this inquiry.

I have big doubts about how Australia Post would handle the additional workload. We've got two post offices here in Sale. We've got a lot of employees that work offshore from here—we're an oil and gas town. They have a lot of post office boxes because they don't want their mail delivered and to have two weeks worth of mail there. Our post offices are very busy, and the parking is the worst parking spot in Sale for accidents. As a mortgage broker, Westpac has to identify our clients, and that's something the post office can't do. The process in Victoria is electronic, and you need to show photo ID with your full name. If you haven't got a passport, you've only got a drivers licence. Victorian drivers licenses only show your middle initial. So you go to identify yourself electronically for a Westpac loan, and you get rejected and you have to go to the local branch. Without having a branch in Sale, they will have to go to Bairnsdale or Traralgon, a 45-minute drive.

I was only here for a short time this morning, but I noted that the NAB representatives spoke about how successful they had been with Zoom interviews, without face to face. We conduct all our interviews in our business face to face. I had so many people coming down to say that in their bank they were popped in front of a screen to talk to someone in Parramatta not knowing where Sale is, not knowing anything about regional farming zones or regional lifestyles and how things are done, and not knowing the local area. Then they come down to our business, which we do face to face. So I can see that in Zoom interviews regional people are very uncomfortable.

Another observation I've made, because it's now my 41st year in the finance industry, is that as soon as lending is taken out of a branch it then becomes a cash shop. You come in and you do cash transactions, open the odd account and do simple inquiries. That's when it starts to die. Also in the last 40 years, I've noted that about the mid-90s was when they started outsourcing and centralisation. Caroline, who's down there, and I worked in the Sale branch when there were 20 staff downstairs and five regional staff upstairs. Since the 90s, it's gradually gotten down to two or three. That's basically it.

CHAIR: Thank you very much, Tracey and Denis.

Mr Robertson: I've got one final thing I'd like to say: at Westpac bank in Sale, the staff have been very good to me, from day 1 until now.

CHAIR: It sounds like a great community. We thank you very much for welcoming us here today. Thank you for coming forward and having the courage to put that on the record. It's very helpful for us, particularly in putting forward a report, to have that direct grassroots evidence, so we very much appreciate you both doing that.

That concludes today's hearing. I again want to thank everybody who appeared, all the witnesses, and the broader community as well for putting on such a great event for us all. If you have been a witness but haven't filled out a Hansard form, could you please speak to the secretariat. They will also provide you with the relevant information about parliamentary privilege. As I have mentioned through the day, answers to questions on notice are due by Friday 10 March. I want to thank everybody again, particularly Hansard and broadcasting for coming through and being patient with the time, all the senators who have appeared, and, of course, our hardworking secretariat, who do it all behind the scenes and make us look good. Thank you very much.

Committee adjourned at 15:23