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Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

To whom it may concern,

Submission: Regional Banking Taskforce

Cabonne Council welcomes the opportunity to provide a submission to the Regional Banking Taskforce.

Introduction

The Cabonne Local Government Area (LGA) is a rich rural shire, occupying 6,023 square kilometres in Central West New South Wales. It encompasses the towns and villages of Borenore/Nashdale, Canowindra, Cargo, Cudal, Cumnock, Eugowra, Manildra, Molong, Mullion Creek and Yeoval, as well as many settlements and localities.

According to the Cabonne Settlement Strategy 2021-2041, the LGA is growing, and a significant portion of this growth is occurring in some of its settlements and large lot residential localities.

The area is home to the site of Australia's first gold rush and is famous for ballooning, food and wine, agriculture, and mining.

Molong CBA Branch Closure

On 4 June 2021, the Commonwealth Bank of Australia (CBA) closed its Molong Branch. This CBA Branch was the last banking branch in Molong, and across all of the Cabonne LGA.

Council first became aware of the closure of the Molong bank branch in late March 2021. Council had received a letter from CBA advising of the branch closure, but this was only due to Council being a CBA customer. Council was advised that it could access face-to-face banking services in Orange – a 30-minute drive from Molong.

The night of the Branch closure, CBA contractors came and removed the ATM from the building. Molong has only one other publicly available 24-hour ATM – a rediATM machine in the main street.

There are ATMs available in some businesses throughout the town, but these are not accessible 24-hours. Cash is also able to be withdrawn at the local supermarket, with purchase. Again, this service is not available 24-hours a day.

The result of the immediate removal of the CBA ATM resulted in no cash being available at all over subsequent weekends.

A number of locals were employed in the bank, and whilst these locals were redeployed to roles in Orange, the time leading up to the closure of the branch placed an enormous amount of undue stress on these staff and their families.

Effects of the closure

The Molong Branch provided a number of key face-to-face services to the local Molong and wider Cabonne LGA including telling services, business banking, financial planning assistance and international services.

But beyond this, the Molong Commonwealth Bank was a key part of the community, helping to sponsor and support local groups, and supporting local businesses and residents. It is estimated that over 95 per cent of local businesses are currently banking with the Commonwealth Bank.

Since 1915 the Molong community has had access to a bank in town. This is the first time in over 100 years that these services have not been available.

Over recent years communities, like Molong, have borne the brunt of corporate decisions made from the capital cities – without understanding the impacts these decisions will have on local residents and the wider community.

One of the justifications outlined by the CBA in making their decision to close the Molong branch was due to a reduction in visits, activities, and physical transactions at the branch. This was coupled with the increase in business and private customers accessing their banking through phone or internet, over the last few years, as well as a 45 per cent decrease in face-to-face transactions through the Molong branch over the last three years.

Perhaps contributing to this reduction in face-to-face transactions, Council understands that banking staff were also required to redirect customers to digital banking services (predominately in response to COVID-19).

Council has been advised that for banking to be viable within a community, branches rely heavily on business and home loans, particularly from the agricultural sector.

Nearly 30 per cent of residents across the Cabonne LGA are employed in the agriculture sector (28.2% - ABS).

Yet, despite the impact from COVID-19 and drought recovery, Gross Regional Production for the LGA in 2019-20 was \$852million (ABS). This, combined with low unemployment of 2.2 per cent, and an average household income of \$85,852, demonstrates that the region is economically sound.

The Cabonne region is still recovering from the economic downturn felt during the peak of COVID, including a current cluster. This will be the fourth time in 2021 that local businesses in Molong have been forced to close or reduce hours due to active COVID-19 within the community.

Preceding COVID-19, the entire Cabonne LGA was impacted by the worst drought most had ever experienced. The region has also borne the brunt of flooding and bushfires over the last three years.

However, the region is also experiencing a population migration boom with many people moving from the city to towns like Molong. These people expect genuine, "country style" services – services like banks – to be available to them. They do not want to travel over 30 minutes each way to Orange to undertake basic banking services.

Understandably, in response to natural disasters and the COVID-19 pandemic, household and agricultural spending was tightened. The reality is that farmers do not spend money during droughts. This has resulted in less face-to-face banking transactions being undertaken. It is disappointing that CBA has made its decision to close the branch on data from the last three years - regardless of whether this reduction in face-to-face transactions has been a result of extreme circumstances, or is actually an ongoing trend.

Council is concerned about the effect that closing a banking business in Molong may have on the long-term economic and community development for the Molong CBD and the wider Cabonne region.

Like many small communities, Molong and the wider Cabonne region, has an ageing population that rely on key services being provided within all the local towns and villages. For many of the LGA's aged residents the closing of the bank is debilitating to their independence, and once again another contributor to the downturn of local villages.

Little assistance was provided by CBA to assist the older residents of the community – undoubtedly the CBA's most loyal customers - in their transition to online, phone banking or utilisation of banking services delivered by Australia Post. The alternative arrangements the bank have put in place are far from adequate and discriminate not only against older people, but community and charity groups who still deal with cash.

CBA response to Molong closure

Since Council first became aware of the proposed closing of the Molong Branch, we have worked tirelessly to try and see this decision reversed.

Council immediately wrote to local State and Federal members of Parliament, as well as the CEO of the Commonwealth Bank of Australia, and the CEO of the Australian Banking Association to alert them of our concerns regarding the loss of this essential service for the community.

Council also held meetings with the Australia Customer Owned Banking Association, and representatives from Bendigo Bank to better understand other banking options that might be available for the community.

A petition was organised by members of the local community in an attempt to reverse CBA's decision. Over 1,100 people signed the local petition – including people from outside of the Cabonne LGA who wanted to demonstrate their support.

In June, the Cabonne Mayor and General Manager travelled to Canberra and spoke directly to Andrew Gee MP, Member for Calare; and Senator the Hon. Perin Davey about protecting regional banking services. At this meeting Andrew Gee spoke to Council about trying to secure an inquiry into the decline of Regional Banking Services across Australia.

In late June 2021 – two weeks after the Molong Branch closed – the Head of Retail Banking for CBA, Angus Sullivan, and the Executive General Manager Business for Australia Post, Gary Starr, travelled to Molong and Blayney to see first-hand the impacts of the bank closure on these communities.

Whilst it was important for the community to be able to voice concerns in relation to the closure, the timing of this visit - after the Branch had closed - further ignited frustrations with the lack of communication and consultation undertaken by the CBA prior to making the decision to close the Branch.

One of the key points that CBA utilises to support Branch closures, is their relationship with Australia Post. Whilst Council appreciates that a range of banking services can be accessed through Australia Post, the set-up of these services needs to be considered on an individual basis.

In Molong, Australia Post is co-located in a newsagency. As part of the transition, CBA agreed to place a staff member in the store to assist customers with the transition. This staff member comes to Molong once a week, and is seated at a small table just inside the front door of the newsagency. Council raised privacy as a concern with both CBA and Australia Post. To date this arrangement has not been altered, nor has Council been advised of any future plans to make amendments.

During the visit to Molong, CBA did commit to reinstalling an ATM in Molong's main street. This installation was delayed due to the COVID-19 lockdown, however this installation was recently completed. Council acknowledges CBA's commitment to assisting the community through the provision of this ATM. There has been no commitment from CBA in relation to how long it may be serviced.

Suggested recommendations

There are a number of overarching key actions that could be taken by all banking companies when assessing regional banking services:

- Improved transparency, communication, and consultation with key community stakeholders.
- Identification of assistance options, both short and long term, that can be provided to members of the community. E.g., Internet banking information sessions; information guides on how to utilise phone banking; local banking options following closures.
- Stepped closure options. Banks should be required to provide reduced services prior to closure. Full closure of a branch should be a last option. Options to continue providing services such as ATMs should be considered, part-time staff members to be retained to assist community members in transitioning to alternative banking methods, and options for regular cash collection services between to assist local businesses.
- Opportunities for provision of extended weekend services to ensure that small business owners and community organisations are able to access banking services outside of the working week.
- Provisions for appropriate upgrades at Australia Post outlets to ensure that banking services are safe and maintained.

Conclusion

In the 2021 financial year the CBA achieved a 20 per cent profit boost.

This result was described by CBA CEO, Matt Comyn to his shareholders as a demonstration of “*The continuing strength of our businesses, combined with a focus on customer needs, digital engagement, and consistent operational excellence...*”

CBA is a company that openly recognises that customer needs are key to driving profitability, yet for the people of Molong and the wider Cabonne community this relationship is clearly deficient.

Perhaps most disappointing of all, is the lack of respect offered to loyal regional banking customers. At a time where drought, mouse-plagues, floods, bushfires, and COVID-19 are crippling communities and small-businesses across Australia, banking profits are soaring.

CBA has an additional moral responsibility due to its history as a government owned financial institution. There is a large portion of its customer base - particularly the aged – whose loyalty derives from this public ownership heritage. It is arguable that the CBA has reaped the benefits of a pre-made market share.

Cabonne Council recognises that the reduction of banking services in regional Australia is not just limited to branch closures by the Commonwealth Bank. All banks need to recognise the importance of rural and regional Australia in contributing to the economic prosperity and growth of the nation. When the regions are strong, so too is the country.

Cabonne Council has, and will continue to improve local services to create prosperous, vibrant, and beautiful towns and villages.

Council welcomes the Federal Government's commitment to the establishment of the Regional Banking Taskforce in its review of the impact of bank branch closures on regional communities. Council also recognises and thanks the Hon. Andrew Gee MP, Member for Calare, in helping to secure this outcome.

Council hopes that any recommendations that come from the work of the taskforce will be adopted by all Members and Senators of the Parliament, in order to protect vital community services for all Australians.

Thank you again for the opportunity to provide this submission. Please feel free to contact Cabonne Council on (02) 6392 3200 should you require any further information.

Yours faithfully,

Brad Byrnes
General Manager