

18 December 2021

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Dear Secretariat

REGIONAL BANKING TASKFORCE – ISSUES PAPER 2021

Regional Development Australia (RDA) Kimberley thanks The Treasury for the opportunity to submit to the Regional Banking Taskforce – Issues Paper 2021.

Our not-for-profit organisation is part of the Australian Government's RDA Network. This national network of Committees is made up of local leaders who work with all levels of government, business and community groups to support the economic development of our regions. RDA Kimberley's vision is to grow a strong and confident regional economy that harnesses the Kimberley's competitive advantages, seizes economic opportunities, and attracts investment.

RDA Kimberley acknowledges the Kimberley is a complex region for delivery of banking services due to:

- Scale of geography
- Disparate, transient, and seasonal population
- Number of remote Aboriginal communities
- Low financial and digital literacy indicators
- High cost of doing business
- Lack of commercial viability for service providers (market failure)

Through building partnerships and economies of scale, many regional based organisations are striving to further the Kimberley's human capital and economic development. The region possesses rich natural and cultural assets; internationally recognised tourism sector; improving transport infrastructure to external markets; and diversification opportunities associated with value-add agriculture and pastoral enterprises. Access to quality banking services in the Kimberley has a role in maximising community and economic development outcomes.

RDA Kimberley will expand on the following themes in this submission:

1. Regional intelligence and customer centricity
2. Accessing online services



1. Regional Intelligence and Customer Centricity

The Kimberley has an estimated population of 36,000 people with 42 per cent identifying as Aboriginal and Torres Islander. The region's major population centres include Broome, Derby, Fitzroy Crossing, Halls Creek, and Kununurra (see **Appendix 1**).

Please note the following gaps in bank services for the Kimberley:

- Banking branches currently operate in Broome, Derby and Kununurra.
- There are no branches in Halls Creek and Fitzroy Crossing with limited banking services provided through Bank@Post outlets and ATMs. There is 900km between Derby Kununurra branches.
- Derby and Kununurra have faced temporary bank branch closures over the last two years (COVID-19). During these periods, Broome had the only face-to-face bank branches in the Kimberley, a region spanning 400,000 sq kms.
- Branches in Derby and Kununurra now operate at very reduced hours (e.g. Derby branch is open for 12 hours per week).
- ATMs in Fitzroy Crossing and Halls Creek regularly run out of cash by midday with no other option for cash withdrawals in these towns. Pastoralists, tour operators, remote school staff, clinics and remote Aboriginal community members frequently experience lack of connectivity or road access. If outlets to distribute cash or transactions are limited, then purchasing food for a remote school is problematic; a community group having cash for an event is problematic; a parent having money for a school excursion is problematic; organisations paying to charter cash to remote locations to operate is problematic.
- Business and other service organisations in the Kimberley carry risks associated with holding significant cash on premises in between scheduled Armaguard transport services.
- Personal and business loans (including mortgages) offered by financial institutions do not favour investment in Northern Australia. Loans, taxes and insurance conditions are contributing to the high cost of living and conducting business in the Kimberley and do not assist in addressing the region's housing shortages or fostering private sector investment, project viability, start-up businesses, or adoption of innovation.
- Community members now rely on other organisations such as schools, health clinics and Aboriginal organisations for assistance with their banking needs in the absence of face-to-face customer service. This is an indirect form of cost-shifting and places considerable pressure on already stretched resources. Support is compounded in remote communities and those areas under the Cashless Debit Card program, and complicated with higher instances of customers without birth certificates, drivers' licences, or passports.

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



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

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

2. Accessing online services

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

With the interdependence of regional bank services and telecommunications in mind, please note the following:

- The urgency for review of regional mobile blackspot programs is increasing with large parts of the Kimberley still reliant on 3G network, which is being decommissioned in 2024.
- 22 per cent of households in the Kimberley do not have internet connection and this is as high as 32 per cent in the shires of Halls Creek and Derby-West Kimberley¹.
- The Kimberley needs telecommunications infrastructure resilience to deal with natural disasters and seasonal events. This includes events that occur in the Pilbara which also cut the Kimberley off services. While the population is being encouraged to access online services and operate with less cash, power disruptions and outages in the Kimberley leave communities unable to use internet, eftpos or ATMs for extended periods of time each year.
- Many remote communities share devices between residents and have unreliable telecommunications services, raising privacy and access issues. This is heightened when government payments are dependent on accessing these services.
- There is risk of the Kimberley being 'left behind' in a digital divide if telecommunication service provision is driven by telecommunication company commercial models in areas of market failure. State and Federal Governments will need to lead capital investments, service provision standards, and digital literacy programs in many parts of the Kimberley to ensure access to mobile and internet services meaningfully contribute to community and economic development outcomes.

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

¹ Australian Bureau of Statistics, Census of Population and Housing 2016 – Type of Internet Connection.



RDA Kimberley encourages the Regional Banking Taskforce to undertake more extensive and direct public consultations in 2022 to maximise regional engagement on this important issue (similar to the methodology adopted by the 2021 Regional Telecommunications Review). The four-week submission period run into December is a small window held in a traditionally busy time of year.

RDA Kimberley trusts that the Regional Banking Taskforce will also consider the policy objectives the Australian Government's *Our North, Our Future 2021-2026: Targeted Growth* which reaffirms the Government's commitment to supporting resilient and sustainable economic growth and maximising Northern Australia's potential.

We look forward to working with the Regional Banking Taskforce and The Treasury to ensure the 2021 review achieves on-ground outcomes for our regional communities and economy. I am happy to be contacted to discuss this feedback further on 0428 130 485 or j.hatch@rdakimberley.com.au.

Yours sincerely



JANINE HATCH
DIRECTOR
REGIONAL DEVELOPMENT AUSTRALIA KIMBERLEY

cc. Elsia Archer, Chair RDA Kimberley – elsia.archer@bigpond.com

Appendix 1: Map of the Kimberley



Appendix 1: Map of the Kimberley



Legend

- Sealed major road
- - - Sealed minor road
- Unsealed road
- - - 4WD track
- - - 4WD track only
- National highway
- National route
- Marine park boundary
- Reef
- Conservation park
- Marine park
- National park
- Airport
- Local Government Area boundary

Approximate driving distances (km)

	Perth GNH	Perth NWCH	Broome	Derby	Fitzroy Crossing	Halls Creek	Wyndham	Kununurra	Darwin
Perth GNH	-	-	2237	2391	2565	2843	3197	3202	4039
Perth NWCH	-	-	2374	2528	2701	2990	3345	3349	4176
Broome	2237	2374	-	221	395	683	1037	1042	1869
Derby	2391	2528	221	-	259	547	894	899	1733
Fitzroy Crossing	2565	2701	395	259	-	289	642	647	1474
Halls Creek	2843	2990	683	547	289	-	354	359	1186
Wyndham	3197	3345	1037	894	642	354	-	100	929
Kununurra	3202	3349	1042	899	647	359	100	-	829
Darwin	4039	4176	1869	1733	1474	1186	929	829	-

GNH = Great Northern Highway, NWCH = North West Coastal Highway

