



Submission

30 March 2023

Committee Secretary
Senate Standing Committees on
Rural and Regional Affairs and Transport
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Submitted via email: rrat.sen@aph.gov.au

To Whom It May Concern

Re: Bank closures in regional Australia

The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland. It is a federation that represents the interests of 20 peak state and national agriculture industry organisations and engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- EastAUSmilk (formerly QDO)
- Australian Cane Farmers Association (ACFA)
- Turf Queensland
- Queensland United Egg Producers (QUEP)
- Queensland Chicken Meat Council (QCMC)
- Pork Queensland Inc
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Fairbairn Irrigation Network Ltd
- Mallawa Irrigation Ltd
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd
- Eton Irrigation Co-operative Ltd
- Lockyer Water Users Forum (LWUF)
- Queensland Oyster Growers Association (QOGA)

MEMBERS	Canegrowers Cotton Australia Growcom Nursery and Garden Industry Qld	eastAUSmilk Turf Queensland Australian Cane Farmers Association Queensland United Egg Producers	Queensland Chicken Meat Council Pork Queensland Inc Qld Oyster Growers Association Irrigator Groups Across Qld
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QFF welcomes the opportunity to provide comment on the Senate Standing Committee on Rural and Regional Affairs and Transport's inquiry into bank closures in regional Australia. We provide this submission without prejudice to any additional submission from our members or individual farmers.

Background

Queensland's agricultural sector is a critical part of the economy, requiring access to high-quality support services, including banking and financial management products. For 2021–22, the total value of Queensland's primary industry commodities is forecast to be \$23.11 billion.

Furthermore, farmers are huge custodians of Queensland's land area, occupying 1,459,400 square kilometres, or around 84 per cent of the state, signifying the rural and remote locations of many agricultural and agribusinesses.

Overview of banking services offered to farmers

Banks provide various services to their farmer customers who operate as businesses. These services can include:

1. Agricultural loans: Banks offer loans to farmers to purchase equipment, seed, and other necessary inputs to produce their crops. These loans can also be used to purchase land or make improvements to existing property.
2. Crop insurance: Banks provide crop insurance to farmers to protect against crop loss due to natural disasters, such as floods, droughts, or pests. This can help farmers manage risk and ensure that they are financially protected in an unforeseen event.
3. Cash management services: Banks offer cash management services to help farmers manage their cash flow and ensure they have enough funds to cover expenses during the growing season.
4. Farm management advice: Many banks offer farm management advice to their farmer customers, including tips on how to increase efficiency, manage expenses, and increase profitability.
5. Online and mobile banking: Many banks offer online and mobile banking services that allow farmers to manage their accounts and access their funds from anywhere, at any time.
6. Investment services: Some banks offer investment services, including financial planning and retirement planning, to help farmers plan for their future and achieve their financial goals.

Overall, banks provide a range of services to their farmer customers to help them operate as successful businesses. These services can help farmers manage risk, improve efficiency, and increase profitability, ultimately helping them to grow and thrive in the agricultural industry.

QFF notes that there seems to be a contraction of Rural Business Managers back to major centres. While on the one hand there are efficiencies that may result from this contraction, QFF seeks banks to detail how they intend to service farm businesses, particularly those that may be considered small to medium sized.

Queensland specific concerns - Digital disadvantage

The closure of physical bank branches has led people to shift towards online banking and other financial services, but this transition has not been smooth for everyone. In fact, the Committee for Economic Development of Australia (CEDA) has highlighted that the COVID-induced shift to remote working and digital platforms has exacerbated inequality, particularly for the 2.5 million Australians who are not online. This has put them at risk of losing access to financial services and facing economic hardship.

The CEDA report emphasises the need for Australia to leverage the rapid digitisation of human services brought about by COVID to support vulnerable individuals during the recovery from the recession. However, digital inclusion remains a major challenge for many Queenslanders due to lack of infrastructure access, affordability issues, and lack of technology skills. As per the Australian Digital Inclusion Index (ADII), digital inclusion (and exclusion) follows clear economic and social contours.

Queensland lags other states in digital inclusion measures, ranking fifth in Australia and scoring the lowest on digital affordability. This means Queenslanders are experiencing poorer bandwidth due to affordability and more limited access options than other eastern jurisdictions. This is particularly alarming given that digital inclusion is crucial for people to fully engage in economic, social, and civic life.

The ADII further suggests that digital skills improve with use, and people who use the internet regularly and in a variety of ways are more likely to score higher on this measure. However, those who lag behind on this dimension, including older Australians, those with lower education and income levels, and those living in regional areas (especially in Queensland), may miss out on the opportunities that digital technologies offer.

For instance, Northwest Queensland is one of Australia's least digitally included regions, and farmers and farm managers tend to score more poorly on the ADII than others in comparable circumstances. This is particularly concerning given that the average age of a Queensland farmer is 46 years old, and the proportion of the workforce aged over 60 is 24 per cent. QFF has also noted that farmers in agricultural sectors such as sugar have a significantly older profile, with some in their late 60s.

In essence, the closure of physical bank branches is just one aspect of the broader digital divide affecting many Queenslanders. Addressing this divide will require a concerted effort from policymakers, businesses, and community organisations to ensure everyone has equal access to digital technologies and the skills to use them effectively.

Fibre and cable networks are also unavailable in many regional and remote areas of Queensland, so local communities rely on satellite and wireless connections. As such, many businesses and homes need help accessing good quality internet to provide banking services.

Regional development

In the upcoming decade, a substantial amount of regional development is slated to occur, necessitating banking services in developing areas. It is imperative that banking services in these regions be expanded, rather than curtailed. Regional banks are uniquely positioned to gather expert insights on economic conditions in their areas, allowing them to better serve the local economy by implementing programs that promote financial stability and economic recovery. The closure of local branches hampers banking institutions' ability to grasp regional issues and aid in the development of these areas. The recently announced Queensland Jobs and Energy Plan alone outlines an investment of \$4B into the development of the State's energy transformation with the bulk of this investment proposed to occur in the regions. This will create business opportunities throughout many regions and a banking presence in these communities will be essential to support this anticipated growth.

Workforce challenges

The downsizing of branches is already having a detrimental effect on the regional workforce. Backpackers, who are often employed in the agriculture sector, require branch access. The need to travel to another region to conduct banking transactions further complicates the maintenance of this

workforce in regional Queensland, particularly when it is experiencing a post-COVID-19 upswing. The Queensland Jobs and Energy Plan estimates that there will be 100,000 jobs, mostly located in regional areas, created to support the clean energy roll out. Many workers have the need to go into a bank physically for a range of reasons, and it is important that communities have an adequate banking presence to support workforce attraction and retention.

Social license to operate

Social license to operate is a critical consideration for large companies, such as banks, which have a significant proportion of agricultural investors and service users. As a result, banking institutions must consider giving back to the regional communities that contribute to their profits. With the pandemic's workforce adjustments, remote work is now feasible and there is no reason why banks cannot have branches in regions while workers perform other necessary banking institution roles remotely.

Other considerations

In addition to growing high-quality food, fibre and foliage for Queensland, Australia and the world, the state's farmers provide direct services to their local communities, such as the sale of fresh produce as well as offering agritourism ventures. These activities require additional business and financial services from their banks. With digital disadvantages and the lack of mobile and digital connections, accessing cash for the purchase of goods from other retailers and petty cash for customer sales is imperative. Additionally, community events are charging small fees or taking donations which still rely on cash.

QFF does not support the closure of local bank branches as there are insufficient options to facilitate ongoing community and business support as digital connectivity and digital literacy is inadequate. QFF also submits that with higher levels of investment expected in the regions over the next decade, this would be a completely inappropriate time for banks to be removing their presence. Rather, this is the time when banks should be planning to invest further in the regions and bolster their presence to support the growth of the regions. We urge the Senate Committee to consider rural Queensland communities and the impact these decisions on closing regional branches have on the agriculture sector and broader regional communities.

Potential solutions

QFF vehemently urges that priority be given to upgrading telecommunications infrastructure. In addition, we strongly recommend that post offices be mandated to install generic ATM machines, at no cost to individual franchisees, as a means to increase security and reduce transaction fees. It's worth noting that post offices are already seamlessly integrated into the banking system for in-person transactions, making these upgrades the logical next step.

QFF strongly recommends that the banking sector is requested to review their social license to operate mandates and strategic intentions and to communicate with regional communities how they plan to support the communities that are contributing to their profits. It is recommended that the banking sector looks closely at the proposed growth forecast for many regions across Queensland and provisions are put in place to requiring banks to show cause as to the appropriateness of reducing banking presences in communities set to experience significant growth.

Rural communities rely upon having access to adequate banking services to support a sustainable future for business and industry and to enable the realisation of the growth that is projected. Individuals,

families and communities living in regional and remote Queensland also deserve equity in banking and it is critical that an appropriate banking presence is maintained in order to support the social fabric of these communities that are so very important to Queensland.

Yours sincerely

Jo Sheppard
Chief Executive Officer