



31 March 2023

Bank closures in regional Australia

Submission to the Rural and Regional Affairs and Transport References Committee

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to provide this submission to the Rural and Regional Affairs and Transport References Committee.

The BCCM is the national peak body for co-operatives and mutuals across all industries, a sector with combined memberships of more than 31.7 million ([National Mutual Economy Report 2022](#)). The co-operative and mutual movement plays an important role in the provision of services and generation of employment in regional Australia, particularly in banking, agriculture and retail. Our membership includes leading mutual banks and credit unions serving regional communities including Heritage Bank, Queensland Country Bank and Bank of us.

The BCCM supports the submission of our member, the Customer Owned Banking Association (COBA).

The co-operative and mutual model has been particularly successful in serving the banking needs of regional communities across Australia. More than 5 million Australians are member-owners of 56 mutual banks, credit unions or building societies, of which around half are headquartered outside of major capital cities.

Co-ops and mutuals are guided by [internationally-agreed principles](#) including Member Democratic Control, Member Economic Participation and Concern for Community. It is these tested and well-established principles that keep co-operatives and mutuals focused on delivering value to current and future members and their communities, leading the movement to grow to more than one billion members globally, including [393 million members](#) of nearly 90,000 credit unions.

The co-operative and mutual ownership structure, based in these principles, delivers the following benefits for regional communities:

- Member ownership means co-ops and mutuals are committed to the regions where they have members.
- Member ownership keeps more wealth circulating locally.
- Member ownership means co-ops and mutuals can balance the need for financial surpluses with other social and economic goals that are important to members such as retention of services.
- Member ownership empowers local communities and builds a spirit of resilience.

The recent KPMG [Sector Impact Assessment](#) commissioned by COBA provides evidence of many of these points specifically in relation to Australia's mutual banks, credit unions and building societies.

The legislative, regulatory and policy environments all play an important role in the success or otherwise of businesses. With an enabling environment for co-operative and mutual enterprise, the mutual banking model will not only be able to continue providing essential services to rural and regional communities, but reach its full potential.

The BCCM makes the following recommendations on policy setting that will allow all co-ops and mutuals, including those in banking, to achieve their full potential and support their communities:

1. Appointment of a Federal Minister for Co-operatives and Mutuals Enterprises (CMEs).

A Minister should be formally responsible for policy affecting co-operatives and mutuals across Australia. As Minister for CMEs, this would be an important cross-cutting responsibility and signal the significance that the Commonwealth places on the contribution of the CME sector and the fair treatment of collaborative enterprise.

2. Establishment of an Australian Centre for Co-operative Business Growth.

A national centre for co-operative business growth would deliver consistent, world leading business services to support co-operative education and business development nationwide, including in financial services, promoting productivity, efficiency and regional capacity building.

3. Legislation to maintain legacy assets in mutuals for the purpose they were intended.

Voluntary legislation to ensure that legacy assets built over generations of mutual members are preserved for the purpose they were intended and not be subject of asset raids. This will provide the sector, particularly in financial services, the confidence to invest in growth.

4. Introduction of a corporate diversity mandate for ASIC and APRA.

Regulators should be responsible for ensuring that a wide range of corporate providers are available to consumers, including in financial services.

We would be pleased to provide further information to the Taskforce on the matters raised in this submission.

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