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JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL  
SERVICES

**Reference: Banking and financial services in rural, regional and remote areas of  
Australia**

MONDAY, 21 JULY 2003

DALY RIVER

BY AUTHORITY OF THE PARLIAMENT



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## **JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES**

**Monday, 21 July 2003**

**Members:** Senator Chapman (*Chairman*), Senator Wong (*Deputy Chair*), Senators Brandis, Conroy and Murray and Mr Byrne, Mr Ciobo, Mr Griffin, Mr Hunt and Mr McArthur

**Senators and members in attendance:** Senators Chapman, Murray and Wong

**Terms of reference for the inquiry:**

To inquire into the level of banking and financial services available to Australians living in rural, regional and remote areas of Australia with particular focus on the following:

- (a) options for making additional banking services available to rural and regional communities, including the potential for shared banking facilities;
- (b) options for expansion of banking facilities through non-traditional channels including new technologies;
- (c) the level of service currently available to rural and regional residents; and
- (d) international experiences and policies designed to enhance and improve the quality of rural banking services.

**WITNESSES**

**PERRY, Mrs Carol Anne, Secretary and Director, Perrys on the Daly Pty Ltd ..... 552**  
**SHOBRIDGE, Mr David, Chief Executive Officer, Nauyu Nambiyu Community Government  
Council ..... 552**



**Committee met at 2.52 p.m.**

**CHAIRMAN**—This hearing of the Joint Corporations and Financial Services Committee continues public hearings into the level of banking and financial services available to Australians living in rural, regional and remote areas of Australia. The committee was in Darwin this morning taking evidence, and we will be holding public hearings tomorrow in Alice Springs. The committee expresses its gratitude to all of those who have assisted us in our inquiry so far. Before we commence taking evidence, I reinforce for the record that all witnesses appearing before this committee are protected by parliamentary privilege with respect to evidence provided. Parliamentary privilege refers to the special rights and immunities attached to the parliament or its members and others necessary for the discharge of parliamentary functions without fear of obstruction or prosecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given by him or her before the parliament or any of its committees is treated as a breach of privilege. Also, unless the committee decides otherwise, this is a public hearing and so members of the public are welcome to attend.

[2.53 p.m.]

**PERRY, Mrs Carol Anne, Secretary and Director, Perrys on the Daly Pty Ltd**

**SHOOBRIDGE, Mr David, Chief Executive Officer, Nauiyu Nambiyu Community Government Council**

**CHAIRMAN**—I welcome Mr Shoobridge and Mrs Perry to the hearing. Do you have any comments on the capacity in which you appear?

**Mr Shoobridge**—I am the town clerk and the CEO of the commercial entities in my community.

**Mrs Perry**—My husband and I run a small tourism business here in the area and I am a director of that business.

**CHAIRMAN**—The committee prefers that all evidence be given in public. But if at any time you wish to give part of your evidence in private you may request that of the committee and we will consider such a request to move in camera. The committee has before it a written submission from the Nauiyu Nambiyu Community Government Council, which we have numbered as submission No. 5. Are there alterations or additions you want to make to that submission, Mr Shoobridge?

**Mr Shoobridge**—On behalf of the council, could I tender a further submission, which is virtually a more detailed summary of what we put before you?

**CHAIRMAN**—Yes, thank you. I now invite you to make an opening statement, at the conclusion of which I am sure the committee members will have some questions.

**Mr Shoobridge**—In the submission I have just presented to you we describe very briefly the community. Just for the record, it is an Aboriginal community located about 230 kilometres south-west of Darwin by road. It has an average population of about 470 and I guess there would be a further 100 people in the remainder of the district. During the tourist season from May to August, the overall population might rise to approximately 900. The community is fairly well served by telephone and other services yet there are occasionally personal problems with banking. There are no banks or agencies located here and the nearest banks are in Darwin.

The council tries to assist people locally. It operates a small trust fund. Basically that allows local people to deposit money to cover accounts. They can have a cheque drawn to cover that. As the community operates mainly on a cash economy, most of the wages are in cash. I am referring there to CDEP wages which comprise the bulk of the wages in the community. The main bank we have in the area is the National Australia Bank. The council has all its accounts with that bank and a lot of people have followed the council's lead; that has been the community trend for many years. We are also looking at an organisation called the Traditional Credit Union, which is more aligned with the needs of a small community like this.



The biggest problem we see is that individuals have problems discovering the balance of their accounts. That is where most of the problems lie. I have a statement on the same issue from the Palumpa community, which has asked me to tender that to you. I will do that later. I have given you details of what we mean there, but the main problem is that, unless they have a National Bank account, people cannot find out what their account balance is. To try to overcome that, the community is looking at putting in a privately leased ATM because that will allow them to do so. However, if they deal with a bank other than the National Bank, they have to contact that bank or obtain the balance by a succession of swipes, and that is what happens.

One of our biggest problems is bank fees. We are not necessarily criticising the banks here, but the people do not understand why they are getting charged what they call fines. As they sometimes have problems handling their accounts, they do incur additional fees. Another area of concern is personal loans. Many people want small loans, mainly for motor cars or perhaps the ladies are after whitegoods for their houses. The traditional banks—the major banks—generally prefer not to deal with loans below \$5,000, which unfortunately is the level at which the majority of our people want to get loans.

The other problem they have with loans is that in most cases they do not have any personal security. They do not have property or anything that would be accepted as property. Although someone mentioned home ownership earlier, that is a scheme we are trying to introduce but we have not got there yet. On a more positive note, we feel that there should be a greater emphasis on public education in terms of how to use a bank. The banks and the credit unions have generally tried to assist us. We really cannot be angry at them at all.

**CHAIRMAN**—Do you wish to add anything, Mrs Perry?

**Mrs Perry**—I come at this from a different perspective. There are seven tourism operations in this area. One of the biggest problems that we have with banking is actually getting the funds to the bank. We are a private company—just my husband and I run it—so if someone has to go to town you are looking at a five- or six-hour round trip just to deposit your funds.

**CHAIRMAN**—That is to Darwin?

**Mrs Perry**—To Darwin.

**CHAIRMAN**—That is 230 kilometres.

**Mrs Perry**—It is 230-odd kilometres. So it is a huge cost. People say, ‘Well, use EFTPOS.’ We generate our power—we are on generators—and we do not have the infrastructure to have EFTPOS. You have to have a dedicated phone line. You have to have a reliable power source. If you generate your own power, it is too costly; you just cannot afford to do it. So we cannot immediately access it. When people come in and they want to pay their accommodation or their camping or their boat hire or whatever, if you have EFTPOS you can swipe it through. You can swipe the credit card through and those funds are immediately in your account. All but two of those seven operators are unable to use that facility, because of the cost of a dedicated phone line, which out here ain’t cheap, and the cost of generating your own power. You simply cannot do it. If you go to an inverter system, which is a possibility, that again is a huge on-cost. These are small operators. Most of us would turn over way below \$100,000 a year. Tourism is one of

those industries that are very compromised at the moment, as you are probably all aware, and that is just another cost for all our operators.

Certainly if there were a banking facility here at the community, a proportion of us would use it; but if it is an agency, we are still not necessarily going to get access to those funds immediately and your turnaround time for paying bills and things makes it difficult. We have a different set of problems from the community people, but it gets down to bottom lines and cost factors. If you have a huge turnover, yes, you can afford to put in inverter systems and things like that, plus then pay the bank fees that are required to run that sort of system. Infrastructure is what businesses need—infrastructure such as power—and that would address a lot of that.

**CHAIRMAN**—Has the council in particular and the community generally explored the option of a rural transaction centre? If so, what was the outcome of that?

**Mr Shoobridge**—Yes, we have. In fact, the negotiations are at a very early stage on that. We have been granted assistance for a field officer to explore it. We have already had a meeting with the Traditional Credit Union and local people. The credit union is very keen to come, so that is looking positive, yes.

**CHAIRMAN**—Would that then provide sufficient—

**Mrs Perry**—Not really, no, because you are limited. It then means that, because the Traditional Credit Union is linked to Westpac, we have to shift our accounts. That means we have limited choices about what banking products or what banks we choose to use. We are National customers—that is historical; it goes way back before we even came to the Territory—and we have no real reason to want to change. There are issues of privacy and confidentiality. If it is local people who run this rural transaction centre, I may have issues, as may other businesspeople—I do not know. But something I would be thinking about is our privacy and confidentiality: will those people taking deposits and doing that work be governed by normal banking arrangements when it comes to your confidences, especially in a small community when there is a number of us all competing for the same dollar?

**Senator WONG**—But they are.

**Mrs Perry**—Who are?

**Senator WONG**—If the Traditional Credit Union operate here, they are subject to the same regulatory requirements as any of the banks.

**Mrs Perry**—They probably are, but whether that would actually transpose to reality would be the question that I have.

**Senator WONG**—If a bank opened up here, they would also employ local people, wouldn't they?

**Mrs Perry**—I would presume so.

**Senator WONG**—Would you have the same issue if a bank other than TCU opened up here?

**Mrs Perry**—Probably.

**Senator WONG**—So from your perspective, your needs are not met by a local branch being here?

**Mrs Perry**—Again, it would depend on what the governance over that bank, that facility, would be. If it were a Traditional Credit Union, I would probably have issues. If it were the National Bank and those people taking my deposits were employed by the National Bank, the Westpac or the Commonwealth then I do not know; that would be something I would have to explore as that process went on. But certainly I would have issues about privacy.

**Senator WONG**—Are you able to explain to us why you would have more particular issues with the TCU than with any other financial institution?

**Mrs Perry**—I do not suppose I can, but they are the only options at the moment. That is going to be part and parcel of putting that process in place or putting that facility in place, because it is also dependent on the wider Daly River community supporting that facility. I came along to the meeting with the Traditional Credit Union and was reasonably impressed, but I had certain thoughts about that as that process moved along I would be exploring. It is very, very early days yet. I certainly did not ask the Traditional Credit Union if they employ local people and if they do employ local people what sort of guidelines those individual employees work under. I am not just expressing my own viewpoint; I am also expressing the viewpoint of others in the business arena here. It is like any small country town; everybody knows everybody's business—nothing is sacred or private.

**Senator WONG**—It is the same issue with giroPost, isn't it?

**CHAIRMAN**—In a sense it is an issue in reverse in that a lot of the rural towns which have lost their physical banking facility actually complain that there is no longer a local bank manager who actually does know their business backwards.

**Mrs Perry**—That is a local bank manager; that is a whole different area. It is completely different again. That is banking generally, whether you live in Sydney or anywhere else. The old days when you used to be able to ring up your bank manager and say, 'I need an extra grand this week,' have changed. The nature of the industry has changed and the banks have made a conscious decision to move people around so that they do not get too close.

**CHAIRMAN**—I understand that, but in that situation people were quite happy for the bank manager to know their details and yet you are reticent to have what might be the equivalent of the local bank manager, if a facility was set up here, knowing that detail.

**Mrs Perry**—As I said, it was very early days. I have only ever been exposed to one very small meeting that we had here when the Traditional Credit Union came here. A lot of these issues were not discussed; it was not appropriate to even talk about them at the time. But they are certainly things that I know that not only I but other businesspeople in the area would want to explore with whoever provided the facility. Who provides it is irrelevant.

**Senator MURRAY**—How often do planes fly in here?

**Mr Shoobridge**—We have a twice-weekly mail run, every Monday and Thursday, and there would probably be an average of 10 other planes which would fly in over a week.

**Senator MURRAY**—Perhaps you can tell me why this is, but I always wondered why the plane service does not act as a mobile bank in the simple sense—not in a major sense—of being able to provide a sealed bag for deposits and being able to receive a float or something of that sort. I can see the other problems, but has that ever been explored?

**Mr Shoobridge**—I cannot say it has. The mail service is provided by a private aeroplane on a charter for the Australian Post Office. It is something we have not explored.

**Senator MURRAY**—Post offices, as you know, have banking facilities—

**Mr Shoobridge**—Yes—

**Senator MURRAY**—So when taking the post to a post office you can take cash as well, because they have that ability.

**Mr Shoobridge**—We used to send our cash that way and about five years ago there was a mailbag robbery in which about \$14,000 was lost. Since that time the community has concentrated on moving its own cash. We also have a bus service that the community runs once a week and finance goes up and down with that.

**Senator MURRAY**—From the perspective of the businesses, as I see it you have said there are seven business but I would include as businesses in the broad sense the council and the police, and perhaps there are one or two other government—

**Mr Shoobridge**—You could probably double the number of businesses.

**Senator MURRAY**—or quasi-government organisations. You could say there are 14 or 15 individual non-family operations. You can insure against robberies, as banks do. I heard you say it took you five to six hours and, I think, 250 kilometres, so you are averaging 50 kilometres an hour. There is also the wear and tear on a vehicle from going backwards and forwards if it is your prime purpose just to deposit money and do basic transactions, when you have got a service flying in and out.

**Mrs Perry**—It is a huge cost—not only a financial cost but also the cost of down time because you lose a significant staff member for a day. Yes, we all run into town and do other things as well. I have just been through a situation where I actually had to give my little bag of money to a chap who came down to fish on the weekend. I said, ‘Please don’t lose it!’ So he is banking it for me. But there is an element of risk with that.

**Senator MURRAY**—For you as an individual—I am not talking about your bigger business needs but your basic daily needs—if twice a week you were able to hand over a sealed deposit to a pilot knowing that at the other end it would be properly collected and deposited—

**Mrs Perry**—It would certainly make it easier—a lot easier and more convenient.

**CHAIRMAN**—I would have thought they could arrange that, with a bit of pressure on them.

**Senator MURRAY**—That is why I asked why it has not been pursued.

**CHAIRMAN**—In a lot of the isolated parts of South Australia, where there still are bank branches, they transfer their cash by light aircraft.

**Senator MURRAY**—Yes, they would.

**CHAIRMAN**—I do not know whether they are dedicated, but there are flights that pick up your bag and take it back to Adelaide for a quid.

**Senator MURRAY**—And I think there are a number of cases where the ATM is serviced by air as well.

**Mr Shoobridge**—From the council's point of view, we bring more money in than we send out—as far as cash goes. About every second week we would have anything from \$30,000 or \$60,000, depending on what sort of payroll it is. That is for the CDEP staff here. It is brought here in cash, and it does come by plane. But to do that we have to give preferably at least a full 24-hours notice to the bank of the break-up of the cash that we want. We then have to arrange for Chubb Security or another security company to pick it up. They transfer it to the airport the next day and it costs.

**Senator MURRAY**—Yes. But it would seem to me that, if there were a coordinated lift for the seven or 15 businesses-cum-government outfits and they knew what your schedule was—because they would know anyway, I would think, in a community of this size—and the return journey was made with the deposits, then your costs would come down.

**Mr Shoobridge**—It could be quite cheap. It is worth thinking about.

**Mrs Perry**—It could even be coordinated with some of the other communities, perhaps using one plane.

**Mr Shoobridge**—Yes, you could if you had a plane that was dedicated to that purpose. It is possible.

**CHAIRMAN**—You said initially that you are at the very early stage of considering the rural transaction centre. Have you got a timeframe for (a) a decision and (b) implementation if it is viable to go ahead?

**Mr Shoobridge**—Yes. The decision stage has virtually been reached. The community has agreed that it wants to go that way because there are more things than banking, as I am sure you would appreciate. We also understand that the funding for this finishes by next June.

**CHAIRMAN**—It is not extended—yes.

**Mr Shoobridge**—So we have to be fairly nimble. We are hoping that our initial submission will be completed within the next two months.

**CHAIRMAN**—Would this be with the view that the TCU will be the financial institution involved?

**Mr Shoobridge**—Yes, it would be. It is the only bank, if you like, that has indicated interest in coming.

**CHAIRMAN**—Would the issue of the relatively high fees that the TCU has to charge because of its size and because it is operating in these isolated areas be a significant concern or is it something that is just accepted?

**Mr Shoobridge**—I think it is more just accepted, and in many instances it can be cheaper. One example that we have been using is: people who do not know their account balances and who swipe their cards. They might think, 'I've got \$500 there.' They will swipe the card and find they do not have \$500. They will keep swiping that down. They may go through 10 to 15 swipes, and that will come down to a charge of \$1.25 each time. So fees are relevant whichever way they go. Another situation we had was where a local lady had a car loan. Every fortnight \$60 was deducted from her account and put into the loan. Her pension would come in on the Wednesday; she would check how much was in there on the Thursday; she would take that amount out—happily, naively or otherwise—forgetting about the fact that the next day the \$60 had to come out. After a couple of months she had made no payments on her loan and had a couple of hundred dollars in fees. You can look at it in many ways.

**Senator WONG**—Some of them might still be ahead even though some of the fees and charges with the TCU would be more, because they might have access to assessing their balance?

**Mr Shoobridge**—Absolutely. In that particular instance, her pension goes to the TCU, and as soon as that pension hits the account it is automatically split so that the money is taken straight out. But she pays a \$10 fee for each time that goes in.

**CHAIRMAN**—One of the issues you raised in your submission is that of loans, and the fact that traditional banks do not want to loan less than \$5,000 and then from \$5,000 to \$20,000 they generally require property security.

**Mr Shoobridge**—Some sort of security, yes.

**CHAIRMAN**—Do you think they are making an unreasonable imposition, from a commercial perspective? Are they being excessively demanding in relation to Indigenous communities about those issues?

**Mr Shoobridge**—I do not believe so. I think it is normal practice. After all, a bank is a business. I think it is reasonable that if they are going to loan higher than \$5,000 they do require some sort of security for it. And under \$5,000 it can be, I imagine, an extremely expensive business to follow through, especially if people start getting into default.

**CHAIRMAN**—So that will be another advantage of TCU having a local presence, that those small loans will be available?

**Mr Shoobridge**—Very much so, and also because of the way that the TCU works. You cannot walk in with a deposit and get a loan within the next day or couple of days. You have got to take three months to build up your credit and to deposit the amount of money you need as a deposit over the three months. In many ways, that is like an education program. It teaches people to save, and it teaches them that they have a responsibility to pay regularly.

**CHAIRMAN**—That brings me to my next question, which is about your experience in the local community of the level of financial literacy. If there are significant shortcomings there, what is the best way to address that?

**Mr Shoobridge**—I think people in the main do understand how they use their credit cards and debit cards. I think there is quite a degree of comprehension about how the banks work. In many cases, I think, they choose not to accept things. They do not like fees, for example, and I think they just choose not to understand them.

**CHAIRMAN**—What about their capacity to budget, and those sorts of issues?

**Mr Shoobridge**—It very much depends on the person. There are people in the community that you would have no problems with, but there are others who continually get into strife.

**CHAIRMAN**—It is principally a welfare dependent community?

**Mr Shoobridge**—Principally, yes.

**Senator MURRAY**—Whilst you are on that line: is that affected by their age, their gender or anything of that sort?

**Mr Shoobridge**—No, not really. I think you will find that there are problems in managing their accounts right through the age spectrum—young and old.

**CHAIRMAN**—Would you have a rough idea of what percentage of people are dependent totally on welfare, and what percentage might be earning income from some involvement in the tourism sector or farming activities?

**Mr Shoobridge**—No, I would not have the percentage. But I would suggest, at a guess, that there would probably be only about 20 per cent that would be employed in tourism or by the council in a salaried position. The remainder would, I guess, be on welfare.

**CHAIRMAN**—From your experience, is there any difference in the level of financial literacy between those who are welfare dependent and those who are earning an income?

**Mr Shoobridge**—I do not think I can answer that one.

**Senator MURRAY**—Is there a cash economy here, in the sense of people doing odd jobs when the jobs appear?

**Mr Shoobridge**—Yes, there is, insofar as it is CDEP, which is the main employer. It employs 140-odd people in the community. It pays all its wages by cash, so I guess you would have to look at it that there is a cash economy in that way.

**Senator MURRAY**—Is there a casual economy? You talk about the majority of people being on welfare. Would people on welfare be cleaners for a while, or assist in odd and occasional jobs?

**Mr Shoobridge**—No, I do not think so. You are either in the straight CDEP situation or you are not. There are certainly not idle opportunities for casual work.

**Mrs Perry**—I was director of the child-care centre here for two years, and some of the women on the staff there were receiving their CDEP money. Some in the community get what they call top-up. That was paid via Cath Ed, Catholic Education. They would do 40 hours a fortnight, which was their CDEP, and then if they did extra hours in the child-care centre that was topped up by Catholic Education, which was the licence holder.

I found, with a lot of the ladies that worked for me, that some of them had very good levels of understanding and literacy when it came to their banking, and others had huge problems. Very often it was my job as director of the child-care centre to try and help them to sort out their banking problems, even simple things like using telephone banking to ring up and find out what a bank balance was. Then you would have to try and chase it up. And there are issues there because if I ring a bank in Darwin and say, 'I am asking on behalf of such-and-such a person,' they are not going to give me the information. The women were finding it very confronting and very difficult to talk to this disembodied voice in Darwin to find out what was happening with their account. I think in some ways if there were a traditional credit union here, on site, they could go and actually talk to someone and sort out what is going on with their accounts. But some of those women were earning quite large sums of money on a fortnightly basis, with their top-up, so they were on basically a normal wage, not just CDEP. They would get their 40 hours CDEP and some of them were doing up to 40 hours a fortnight on top-up as well. They were receiving quite a substantial wage, but managing it was the problem. As David said, the whole fee structure was just a great mystery.

**Senator MURRAY**—And it was regarded as a fine, not a fee?

**Mrs Perry**—Exactly. It was a fine.

**Mr Shoobridge**—With a lot of people that is how we would explain it.

**Senator MURRAY**—To return to the business sector that we have described in the broadest sense of the notionally 15 organisations: I would have thought that, apart from the daily deposit and cashflow needs, it would then not be that much of a problem for your major negotiations, such as banking, business loans, securing lease finance or whatever, to go up to Darwin. I would assume that naturally you would want to go there periodically anyway, for other reasons. If your regular needs were catered for, would it then matter if you did not have a full-service facility available here?



**Mrs Perry**—I am not unrealistic, thinking that suddenly there is going to be this full-blown National Bank branch up here at the Daly River. That is not going to happen. Obviously, if you have got business to do, such as lodging paperwork for overdrafts, loans or whatever else related to the business, you would have to put the effort in. For that it does not matter whether you are in Sydney, Melbourne, Canberra or the Daly River; you still have to front up to the bank manager. But it is often the simple things that bring you undone, and the simple things of getting your cash actually into the bank is probably the biggest hurdle.

**Senator MURRAY**—Would a combination of a traditional credit union facility for the community as a whole, plus, say, a fly-in fly-out banking facility, cover most of the needs of the community, in your view?

**Mrs Perry**—In my view, yes. But again with the traditional credit union it is accessing your funds. Actually physically handing them over the counter is one thing. When can I access them? If I can put a bag on a plane—

**Senator MURRAY**—I am suggesting a mix of the two. What is being presented to us is an either/or situation but I think that is not necessarily so. You can have circumstances for remote communities where you might have EFTPOS if the communications facilities are good enough, you might have a fly-in fly-out facility, which you do have in South Australia, and you also might have a local credit union meeting basic banking needs.

**Mrs Perry**—As a business person, I think the fly-in fly-out service would be very attractive. But, as David said, they have had a mailbag robbery already.

**Senator MURRAY**—You have those on roads and in city centres too.

**Mrs Perry**—Yes. But I do not know. The Traditional Credit Union certainly would help address a lot of the issues for the Indigenous people in the community. I do not know whether it is going to necessarily assist the business community.

**Senator MURRAY**—That is why I am asking about a mix of facilities. You do not have satellite facilities for telecommunications, do you?

**Mrs Perry**—I have a satellite dish; I just do not have any power to run it. Thank you very much, federal government.

**Senator MURRAY**—Tell us about the power. What happens here? How is it run?

**Mrs Perry**—The community has 24-hour reticulated power. Two of the businesses in the area have power: one is the mango farm and one is the pub. The rest of us have to generate our own power, which is very costly.

**Senator MURRAY**—Where does the power for those two businesses come from?

**Mrs Perry**—The generators here.

**Senator MURRAY**—And you are too far away to have that?

**Mrs Perry**—No, it is just one of those things where they keep saying it would cost too much. Don't get me started on that or we will move right away from banking.

**Senator MURRAY**—Forgive the question, but we need to understand why certain things can happen—why you cannot get EFTPOS and that sort of thing. We need to get to the bottom of it.

**Mrs Perry**—We need reticulated power so we can have EFTPOS facilities and that would solve all of the business people's problems with banking.

**CHAIRMAN**—There is the cost of standing in line, basically.

**Mrs Perry**—That is about \$700,000, which is not a lot. You could write the cheque this afternoon.

**CHAIRMAN**—Who is the provider of the power?

**Mrs Perry**—The NT government Power and Water Authority.

**CHAIRMAN**—So why did you say thanks to the federal government?

**Mrs Perry**—For the satellite dish.

**CHAIRMAN**—We have given you the satellite dish—

**Senator WONG**—As part of the sale of Telstra.

**Mrs Perry**—Yes, flogging off Telstra.

**CHAIRMAN**—We've been good, and the Northern Territory government has been bad.

**Senator WONG**—To clarify the infrastructure issue: what phone line do you have?

**Mrs Perry**—We have microwave link. I have three phone lines.

**Senator WONG**—Which are not suitable for running EFTPOS?

**Mrs Perry**—I do not know. We are in the process of exploring that. The issue is not necessarily the phone line, although for some businesses it would be. They would need to have a line. We have three lines already. Some of the businesses in the area only have one line, so they would have to put in another line. My understanding—and I could be way out of left field on this—is that you need to have a dedicated phone line for EFTPOS and you need to have power. If you are only running generators X amount of hours a day because there is a huge cost—

**Senator WONG**—You cannot do it.

**Mrs Perry**—Then you also have to pay fees on top for the facility.

**Senator WONG**—What about the community?

**Mr Shoobridge**—The community is quite well serviced actually. It has the fibre optic microlink. Telstra have confirmed that, if the TCU came here, they could bring in a ISDN line, which I think is the heaviest security line. So there would be a direct flow of data between their head office in Darwin and here.

**Senator WONG**—So what are the phone services like in the community?

**Mr Shoobridge**—There are half a dozen public phones in the community. I mentioned the fibre optic before. In deference to Carol, the fibre optic stops this side of the river, and Carol is the other side of the river.

**Mrs Perry**—No, I said microwave.

**Mr Shoobridge**—Yes. That is my point.

**Senator WONG**—If someone wanted to use phone banking, they would go to a public phone?

**Mr Shoobridge**—They could, yes.

**CHAIRMAN**—Do you have any idea how many other communities in the Northern Territory would be in a virtually identical position to yours?

**Mrs Perry**—Probably none—as far as the unique mix that we have at the Daly River is concerned.

**Mr Shoobridge**—But as far as the types of problems and services are concerned, I would say most of them are very similar. In fact, I have a short email that I would like to read to you. The Town Clerk at Palumpa, Bruce Mumford, emailed me the other day as he knew you were coming. He said:

Our main concern lately has been that the credit union—

the Australian Central Credit Union, a different one—

is letting members over draw on their accounts and so having to pay fees for this. With limited phone access and even more limited internet access residents are hard pressed to know they are over drawn. We are working to overcome both these access problems, but find ourselves once again finding solutions and paying for them) on behalf of the banks. As part of this we have just installed an ATM machine but find that unlike the banks, the Credit union will not give account balances through the machine to its clients. I did ask Central credit union if they could consider suppling us with a computer (we would pay for internet access) when they changed their rules on transferring funds between accounts. I did not even get a reply.

I have a spare copy of the email if you would like it.

**CHAIRMAN**—There being no objection, it is so ordered that we receive that as an additional submission.

**Senator WONG**—Would the TCU deal with this issue of overdraft by having a bank account that it is not possible to overdraft against? That is my recollection of the evidence this morning.

**Mr Shoobridge**—I think that is the case but I would not like to say so for sure.

**Senator WONG**—In view of a lot of the examples that you have cited, both in your supplementary submission and also in the email, while bank fees may be reasonable from the perspective of somebody who has reasonable access to services and is able to utilise those services to find out what their balance is or whether a cheque has been drawn et cetera, if you put that sort of paradigm of bank fees onto the particular practices of communities such as this one you may end up with lots of fees, overdraft dishonour fees and things like that.

**Mr Shoobridge**—It can be so, yes. Another interesting point is that I was told that TCUs actually have to charge for deposits. So if, for example, the social security or Centrelink pension goes in, there is a \$10 fee for it. Yet the big banks absorb those fees. I am not quite sure what brings that on. They tell me there is an agency that distributes it through the different financial institutions, and they charge. So I assume it has come from there. But there certainly is a \$10 fee.

**CHAIRMAN**—You say there are a number of other communities in a similar situation. Would a lot of them be even more isolated from a major centre such as Darwin than you are?

**Mr Shoobridge**—Very much. We would be considered isolated but not remote. The one about which I have just read to you, Palumpa or Nganmariyanga, is a further 120 or 140 kilometres out. It is isolated totally for four months of the year, because the river totally stops traffic.

**Mrs Perry**—Port Keats and all of those outstations west of us are even more isolated.

**Mr Shoobridge**—They are all in the same situation.

**Mrs Perry**—The community becomes isolated at some times in the wet season, but most of the businesses in this area, over the wet season, are not doing an awful lot of money either. Our prime time is April through till about October, and after that tourism just stops. So, if you do go ahead with your dedicated phone line and your EFTPOS facility and everything else, you have got to carry that cost over the wet season.

**Senator MURRAY**—There is no cash flow.

**Mrs Perry**—You might pack up and sell up, and go and live in Adelaide—retiring gracefully defeated.

**CHAIRMAN**—How long have you been here, Mrs Perry?

**Mrs Perry**—Oh, too long, 10 years. It shows!

**Senator WONG**—To return to financial literacy: has the council or any of the organisations actually run any financial literacy programs here?

**Mr Shoobridge**—Not in my time, six years.

**Mrs Perry**—The adult education program here is run through the Catholic Education Office. They did have a full-time adult educator in the community, but I believe she has been dropped back to half-time in the last 12 months. Certainly there were literacy programs related to getting a drivers licence, but as far as financial literacy and understanding banking are concerned, those programs have not been run.

**CHAIRMAN**—From what we heard this morning, there is currently an application in the process of being finalised for joint Commonwealth-Territory government funding for a pilot project of financial education among Indigenous communities.

**Mr Shoobridge**—Excellent.

**CHAIRMAN**—I assume that would be something you would want to tap in to.

**Mr Shoobridge**—Absolutely.

**Senator WONG**—I think you raised in your submission the practice of a community member giving their card to others. We have had a lot of evidence about this. Would you give us your perspective of this?

**Mr Shoobridge**—It is quite a common practice in the area; it is fairly widespread. They may want a certain amount of goods on credit and the only security they can give the shopkeeper is their card, and quite often the PIN number is also given. It is a very common practice. I understand the Northern Territory government is trying to legislate against it, but so far it is quite legal to give someone your card—the only thing you contravene is the agreement between you and the bank.

**Mrs Perry**—Unfortunately, it is a system that is very open to abuse. A lot of the community stores run on that system, but it comes down to individuals. This community is very lucky in that the manager of the store here on the community is a terrific bloke who knows his community very well, knows the people in it very well and is very responsible about allowing credit to local people. Unfortunately, it is open to abuse when it is used outside the community, which is what has happened in previous times. Not everybody is as decent as they perhaps should be.

**Senator WONG**—These are the people who receive the card?

**Mrs Perry**—Do not go there.

**Mr Shoobridge**—Within the community we now have a no-credit policy. At the store, for example, there is no credit—

**CHAIRMAN**—I was going to ask whether that was a problem.

**Mr Shoobridge**—It has been a problem for many years and in fact there is still quite a considerable debt that we are whittling away. Currently, the council, who run the store and the community generally, have decreed a no-credit policy, which overcomes a lot of these problems with the cards. But, as Mrs Perry has just said, outside the community it does happen frequently, and there is abuse of it.

**Senator MURRAY**—What does ‘outside the community’ mean?

**Mr Shoobridge**—For example, they will go to Darwin, Adelaide River or Katherine—other communities like that.

**Senator MURRAY**—It is not down the road; it is somewhere else.

**Mr Shoobridge**—It was happening down for the road for a while, but that does not happen any more.

**Senator MURRAY**—You applied a bit of local pressure, did you?

**Mr Shoobridge**—No, he sold out.

**Mrs Perry**—He left town.

**Mr Shoobridge**—In that instance—to give you an indication, although I do not want to name names—during a flood situation where people were evacuated to Batchelor he was still supplying them. When their cheques came in he would appear with the money because he would go to the ATMs and get the money out in Darwin. He would give them money to keep them running rather than give them their cards back.

**Senator WONG**—You have a no book-up policy within the store et cetera?

**Mr Shoobridge**—We do.

**Senator WONG**—But if it is agreed that it is not a particularly good practice, what needs to be put in place to minimise it? I would have thought you would have to have some basic financial services available to people so that they could get money out when it has been paid and use cash as opposed to booking up and also have a level of financial literacy so that people actually understand what good practice is.

**Mr Shoobridge**—A lot of those things would happen if you had either an agency or a part-time branch of the TCU or some other institution.

**Senator WONG**—We have had some evidence from an academic, and his view on the research is that this is brought about in part as a response to the withdrawal of financial services from regional and remote Australia. Do you agree with that?

**Mr Shoobridge**—Yes, on the face of it I would have to agree.

**Senator MURRAY**—Returning to the true businesses, does the tourist trade today operate principally on credit card, cheque or cash?

**Mrs Perry**—There is an increasing push Australia-wide for us to become a cashless economy. When they are travelling, tourists—whether they are international, intrastate or interstate travellers—expect to be able to access things like credit card facilities, EFTPOS machines and those sorts of things, or they say, ‘You must have a bank,’ but we do not.

**Senator MURRAY**—So how do your customers deal with you?

**Mrs Perry**—It is a combination of things. It is usually credit cards or cash; we cannot offer EFTPOS. A good example is that we offer our product to the Northern Territory Tourism Commission’s wholesale arm, Territory Discoveries. They have only just in the last month gone over to EFT. If they sent clients to us, when they paid us we would be paid by cheque. So you got these lovely big cheques that you could not get at until you got to town. That is crazy! They have finally gone on to EFT, so if we get clients through that wholesaler the money will automatically be electronically transferred into our account. But it is just such an unwieldy system, and that is the sort of stuff you are up against. If the Northern Territory Tourism Commission’s wholesale arm is not using electronic transfer, what hope have we little fellas got?

**Senator MURRAY**—I wondered whether you were forced to do more on trust than would somebody in the city. As you know, you cannot give somebody in the city a cheque, because they will not take it; and, if they do take it, they check immediately with the bank. They will swipe your credit card immediately. Do you have to do much more on trust than they do?

**Mrs Perry**—No, because with the card facilities you can phone up to get an authorisation number. So, if someone wants to pay me by credit card, I can get an authorisation number immediately. But again it is an unwieldy system—you have to sit there on the phone and push buttons—whereas if you have EFTPOS it is instant. Then, if for some reason the lines might be out or something, you have got the piece of paper, but you do not actually have access to the funds until you can physically get your bit of paper into the bank. It is not necessarily small amounts; it can be quite large amounts that people are just not able to access to keep their business going. But Telstra and people like that expect to be paid, which I think is very unreasonable.

**Senator MURRAY**—So from your perspective of reconciling what is happening in your bank account—given that some money is going in from other sources and you want to check it—what do you do? Do you get a weekly statement come in on the mail plane?

**Mrs Perry**—I can use telephone banking. I will not use Internet banking.

**Senator MURRAY**—But does that give you a statement or just your total?

**Mrs Perry**—No, you just get a voice that tells you.

**Senator MURRAY**—What I am talking about is the reconciliation. My point is that, if you are getting funds paid into your account when a package has been sold wholesale and you have given him cash, as you outlined earlier, and he has gone and deposited it—

**Mrs Perry**—I hope he has!

**Senator MURRAY**—et cetera, you will want to have a look at your statement and see the individual transactions. How often do you get a statement?

**Mrs Perry**—Once a month.

**Senator WONG**—But you can do transaction history on phone banking; it is just tedious to have to listen to everything.

**Mrs Perry**—Yes, you can do all of that. We could set up for Internet banking, but I choose not to. I am set up for telephone banking and so I can get a transaction 25 times a day, if I choose.

**Senator MURRAY**—So that side of it does not worry you.

**Mrs Perry**—That side of it does not worry me. It is the physical issue of actually getting your funds to a bank and the expectation of most travellers now—whether they are national or international—that everyone has an EFTPOS machine.

**Senator MURRAY**—Is part of your business cost having a sizeable safe to make sure that you can keep goods secure and nobody can cart them off easily?

**Mrs Perry**—I just wish it was full of money—but it is not. Yes, there are all those issues, and you are carrying extra insurance because you are transferring funds over a fairly large distance. But the issue is about being able to access the dollars. I do not know how fixable that is.

**CHAIRMAN**—You just made the comment that you choose not to use Internet banking. Why is that?

**Mrs Perry**—I have had advice that it is not as secure as people presume it is. We have a very close acquaintance who goes and debugs boardrooms and does all sorts of weird and wonderful things—climbs on and off aircraft with his little briefcase and goes and does all sorts of strange things. He said, ‘Don’t use Internet banking.’ I thought, ‘Well, he probably knows more about this than I do, so I will go along with him.’ Besides, again it gets down to power. It is easier for me to pick up the phone and push buttons and go through that unwieldy process than to run across the paddock and put the generator on.

**CHAIRMAN**—So he does not see a problem with telephone banking, but just with the Internet?

**Mrs Perry**—That is right. He says he has issues with the Internet. I do not know, but for us telephone banking is easier because we do not have 24-hour power.

**CHAIRMAN**—So your main issue really is the ability to deposit your cash?

**Mrs Perry**—Yes. And it is not so much that, even. It is the expectation of the client base we have of their being able to be cashless. So you get people coming into these areas who have not cashed themselves up because of the expectation that they have. Then they have got to come



over to the community, and very often the community does not have the funds to be able to give them \$200, \$300 or \$500 when they want it.

**CHAIRMAN**—So it is cash plus EFTPOS access for you, which is the power access, essentially.

**Mrs Perry**—It is an expectation that has come from the banks, that people are not going to carry around wads of notes. And for a lot of people that is a security issue. They do not want to do that.

**Senator MURRAY**—It occurs to me in talking to you—and I must thank you both for giving us the time—that for these sorts of areas you need to develop people with specialist regional understanding and knowledge who can provide services suited to the area. The major banks just are not equipped and do not have the mentality or the culture to do it. It is certainly a lesson we learnt in Queensland and again one we are learning here, which is why TCU-type approaches are interesting to us.

**Mr Shoobridge**—A lot of times, locals will come to the council staff and say, ‘Can you help me fix up my bank account?’ It could be insurance, it could be any matter, but in this case it is banking. And you will phone the bank but you will get somebody in Melbourne or Adelaide or Hobart who has no clue what the local situation is. The Privacy Act comes in and they will say, ‘Do you want to talk about Mrs Perry? Is Mrs Perry there?’ You put her on the phone and she says, ‘Yes, I’m Carol,’ but they still will not accept it. It is extremely difficult to sort things out.

**Mrs Perry**—The language difficulties come in at that time, too. I have had this sort of instance, where staff have said to me, ‘Can you fix this up for me?’ So you get on the phone and you do end up with some white, Anglo-Saxon, middle-class Protestant in the middle of Melbourne. You say to them, ‘Yes, the lady is here,’ but you have a traditional lady whose English is very poor and who is very nervous about using the phone. They haven’t got a clue what is going on. You wish you could just ask to talk to a Territorian, because at least they would have some understanding. That is a good point, David.

**Senator WONG**—The TCU attempt to deliver, in language, as many services by telephone as possible, don’t they?

**Mr Shoobridge**—I cannot answer that, but they are certainly increasing their services. For example, just this week they have started with telephone banking, so that people can phone up now and put in a password or number and get their account balance. Prior to that, they used to have to talk to a staff member. I was told they missed up to 3,000 calls a week. But now that has come in, and it is quite a good service.

**CHAIRMAN**—Was that because of a shortage of staff or the number of calls that were going in?

**Mr Shoobridge**—I am not sure why they put it in, but it is obviously an improvement on their services.

**CHAIRMAN**—I mean when they missed the 3,000 calls.

**Mr Shoobridge**—Yes, it was because they did not have the staff physically to be able to deal with the number of calls that were coming in.

**Mrs Perry**—Even issues like passwords are a problem for some of the people that live in these areas and these communities. My filing cabinet in the child-care centre was largely taken up with staff's bank statements and secret business where they had their passwords and such things written down. I knew their passwords better than they did. Not all of the people in the community have somewhere where they can keep those things safe. It is different. And banks and other large financial institutions come at these problems from a completely different perspective. They do not understand what happens out here at the grassroots level at all.

**Senator MURRAY**—That comes back to a point you were making earlier: in many communities the overcrowding in the house is such that it is impossible for anyone to keep private papers in a reasonable sense.

**Mr Shoobridge**—Yes, that would be correct.

**Senator MURRAY**—The more you introduce these systems, the more it throws up another problem.

**Mr Shoobridge**—Yes, though there are many people that are able to keep essential information. But do not give them copious amounts of it. They will keep, for example, the essential cards—such as the Bankcard, the pension card, things like that—but generally speaking no, unless they can keep it all in a wallet they are not going to keep it.

**Senator MURRAY**—Mrs Perry, from the way you have described it, the child-care centre was acting essentially as a community archive.

**Mrs Perry**—That is a lovely expression and very accurate.

**Senator MURRAY**—I presume that anyone who had a will—if they did have a will—would keep it there. Why the child-care centre?

**Mrs Perry**—It was because the women were working there. They were there as childcare workers.

**Senator MURRAY**—And you were a woman and they trusted you?

**Mrs Perry**—Yes, I guess they trusted me. I think they thought I was not going to diddle them.

**Senator MURRAY**—Is that typical? If we went anywhere through the Northern Territory and walked into a child-care centre—

**Mrs Perry**—I do not know. There are not that many licensed child-care centres in Indigenous communities, and the one here was the first. I think there is one now at Galiwinku and one somewhere else. There are only about three. But even the health care centres will keep Medicare cards and pension cards. I do not know but I imagine that in some of the health care centres there will be banking information as well that is kept secret by staff.

**Senator MURRAY**—I have a serious intent in my question. If you are going to end up trying to find a package whereby you provide these facilities, we have to be aware that part of the need will be an archive facility as well, if the homes are not capable of keeping these things. The only obvious places, I would think, are either the council administration offices or some community service, such as health or child care.

**Mrs Perry**—Probably I would be hesitant to recommend health care services. I know nurses are top of the list with regard to people believing in their ethics, morals and honesty. I just think that they have enough to worry about, without their being given that as well.

**Mr Shoobridge**—Practically every facility within the community—it could be the store, the council office, the CDEP office, the health centre—is carrying individual information. Different people may come to the people at the CDEP office for help; they may come to the council for help. We have all got files which we will keep that information in. So we have got a multifaceted archive. The health centre definitely keeps all the health care cards, for example. All those health care cards and Medicare cards are attached to the various files so people do not lose them. So if the doctor comes and then bulkbills, they know they have access to the Medicare card because it is right there in the file.

**Senator MURRAY**—So what you are saying to people like us who deal with legislation and regulation is that you cannot tighten up too much on privacy and other laws like that, because you would lose the flexibility by which a community like this works. If you simply said you could not hold somebody else's private information, the whole process would break down.

**Mr Shoobridge**—Exactly.

**Mrs Perry**—It would just fall apart.

**Mr Shoobridge**—With Telstra, for example, there have been one or two instances where people are repeatedly getting into trouble and we have actually had them sign a letter giving one or two individual staff members approval to operate on their account. So then Telstra include the name of that staff member on their records so that we can phone up, talk and sort the problem out.

**CHAIRMAN**—There being no further questions, I thank both of you, Mrs Perry and Mr Shoobridge, for appearing before the committee and for your contribution to our inquiry. It has been very valuable.

**Committee adjourned at 3.54 p.m.**