



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Reference: Regional banking services

ONE ARM POINT, WESTERN AUSTRALIA

Tuesday, 11 August 1998

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Members:

Mr Hawker (Chair)

Mr Albanese	Mr Martin
Mr Anthony	Mr Mutch
Mr Causley	Dr Nelson
Mrs Gallus	Mr Pyne
Mr Hockey	Dr Southcott
Mr Latham	Mr Willis
	Mr Wilton

Matter referred to the Committee:

Alternative means of providing banking and like services in regional and remote Australia to those currently delivered through the traditional branch network.

The inquiry will focus on how individuals and small businesses in regional Australia will access banking and like services in the future, given that the rationalisation of the traditional bank branch network is forecast to continue. The Committee's deliberations will also extend to Recommendation 96 of the Wallis Report (that governments expedite 'the examination of alternative means of providing low-cost transaction services for remote areas and for recipients of social security and other transfer payments'). The inquiry will not examine the provision of investment services, superannuation or insurance.

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Regional banking services

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Present

Mr Hawker (Chair)

Mr Albanese

Mr Willis

Mr Anthony

Mr Wilton

Mr Hockey

Committee met at 3.58 p.m.

Mr Hawker took the chair.

PARTICIPANTS

BEATTIE, Mr Alan, Deputy Regional Manager, ATSIC, Broome

BRUCE, Mr Quentin, Organiser, Smart Card, Bardi Community

CARTER, Ms Violet, Representative, Bardi Community

CLEMENTS, Mr Warren, Administrator, Bardi Community

EJAI, Mr Kevin, Councillor, Bardi Community

GEORGE, Ms Eugenia, School Registrar, One Arm Point

HUNTER, Ms Jillian, Councillor, Lombadina

MARRIUS, Mr Louie Bin, Chairperson, Bardi Community

McCARTHY, Mr Unsar, Councillor, Bardi Community

NICHOLS, Ms Carlene, Councillor, Bardi Community

PIGRAM, Ms Patricia, Bookkeeper, Lombadina

THOMAS, Mr John, Administrator, Djarindjin Community

TIGAN, Mr Aubrey, Elder and Vice-Chairman, Bardi Community

WEI, Mr Jimmy Tang, ATSIC, Broome

WIGGAN, Ms Valarie, Councillor, Bardi Community

CHAIR—Welcome, and thank you very much for the opportunity to be here today at this open forum. We are going to be semi-formal here, so I will declare open this session of the House of Representatives Standing Committee on Financial Institutions and Public Administration's inquiry into alternative means of providing banking in regional and remote Australia. I would like to say how much we appreciate being here. Also, while we do not have sworn statements we do take the proceedings of this forum very seriously, as we take the proceedings of the parliament itself very seriously.

Can I say by way of introduction that this inquiry was started late last year. We are looking to see how we can see provided, in regional and remote Australia, access to banking services which in many cases have been withdrawn, and in some cases did not exist before. We have been very encouraged by the fact that there have now been over 130 submissions to this inquiry. They have come from every state in Australia and from the Northern Territory. To do justice to as many submissions as we can, the committee has travelled widely, and this is a very important part of the inquiry, being here today at One Arm Point.

Today we would like to open up for discussion. I understand you have some quite interesting and innovative ideas on how you might tackle the obviously quite big challenge in this community of handling banking and finance. I might hand over to you to tell us, firstly, a little about the community and also a little about how you currently deal with the situation and what plans you have to develop it.

Mr Clements—Before I start, I would like to welcome the committee to One Arm Point. Basically, council has sat down and we have discussed the problem here with our money and how we are getting it in and out of the community.

We got to talking with the regional manager for Centrelink in Broome and he put us on to Steve Alexander and Quentin Bruce. Quentin came out to discuss it with us and Bardi took Quentin on to follow it up for us with all the problems that we have had. Quentin came out of the blue and spoke to us about the smart card idea. We had ATSIC involved in it. Alan Beattie there has been pursuing a lot of it for us and writing a few letters on behalf of Bardi to get you out here to listen to what we had to say.

I think it is the same for the Djarindjin community when they have to take in their money on a Friday. If they miss the bank they have to sleep with their dollars or else get the hotels to lock it up in their safes and bring it back again on Monday.

If we miss the banks on Fridays, for whatever reason, it puts all our time out. Community people have to stay in accommodation. There is wear and tear on our vehicles. It is just a real hassle getting money in and out of the community. If we do not have a lot of money here, we rely a lot on what the store can give us. If there is money in the store, we write the cheque out to the store and the store gives us the money. It is the same thing for the store. They have all this money to get in and out also. For example, if

we send in our bookkeeper to take in the money there is two days of salary, overnight accommodation and travel money involved, and wear and tear on the car.

All said, over the 12 months it adds up and costs the community a fair bit of money. When you go back, if you fly low along the road, you can see it is about a three-hour drive. The road is terrible. We had a car here that we had to sell. The body had come loose from the chassis and the car was only two years old. There were cracks all through the body. Normally those cars on the market would fetch you about \$20,000. We only got \$8,000 for this car. It is those sorts of things.

I can hand you over to Quentin to tell exactly what has been set up and what we have been going through in the process with Steve Alexander and what Quentin has proposed to try and set in place for us. Hopefully we can involve people like Beagle Bay and Lombadina.

CHAIR—Thanks very much for that Warren. That is a very good introduction that explains some of the real difficulties that you are facing out here. Alan Beattie might want to make some comments on behalf of ATSIC too.

Mr Beattie—ATSIC became involved in this when we noted information in November last year in the *Australian* on the inquiry into alternative means of banking and like services in regional Australia. We put in a submission to the inquiry and have been having ongoing discussions with Janet Connaughton, the inquiry secretary, and have been trying to get the inquiry to come here over the past six months. I am glad to see that it has come to fruition.

As a bit of background, in mid-1997 the Bardi community wrote to the ATSIC Broome office regarding the possibility of introducing smart card technology. The ATSIC Broome office recognised the need to investigate alternative methods such as smart cards technology and was considering ways to progress the issue when the inquiry came about. We felt that this was a good vehicle to pursue the idea. One of the reasons we decided to pursue this idea was so that we could not only hopefully highlight the problems of the Bardi community and also other communities within the Kullarri-Broome region, but also those of Aboriginal communities throughout Australia.

When we started to look at the issues we came up with five or six major issues. The first one we titled as 'Are these banking issues new?' We felt it should be noted that the effects felt by bank closures in regional Australia have existed for a number of years in remote Aboriginal communities. The Australian Consumers Association submission to the inquiry noted the following examples:

In Western Australia we were forced to bank with the ANZ when we moved to the country, because that was the only bank in town!

In comparison, the Broome region has five regional Aboriginal communities, one of which

has a bank sub-branch. Another example of the Australian Consumers Association was:

Our nearest Commonwealth Bank is in Bowen, which is 90 km away . . .

In comparison, the Commonwealth Bank has a bank in Broome which is 220 kilometres from Bidyadanga and 230 from One Arm Point. One final example from the Australian Consumers Association was:

The closest ATM is in Burnie, a 158 km round trip . . .

In comparison, not only is One Arm Point 230 kilometres from Broome, but it is an appalling dirt road for 200 kilometres. Normally the trip takes three hours. However, when the road is wet, it can take eight to 10 hours and at times the roads can be closed for up to a couple of weeks.

In relation to the new banking services, one of the interesting developments coming out of the submissions to the inquiry that the Broome ATSIC office noted was the establishment of the Traditional Credit Union Ltd in the Northern Territory and, in particular, the development of special and remote area banking software. It is encouraging to see that services such as this one take into account Aboriginal community needs and cultural development. However, one area of concern was the fact that the credit union reported an operating loss of \$405,000 in the first three years.

It has been suggested that local government authorities establish a banking service either individually or on a national basis. This model may be suited to some rural locations. However, we felt its benefits would be limited here unless they were located in all five major Aboriginal communities. The Northern Territory reported that the banking service provided by the council on Bathurst Island cost \$77,000 per year, for which they only received \$12,000 in commission, with the balance being met from community funds, which was also of concern.

In relation to the One Arm Point area, or Bardi Peninsula, a study is currently being conducted by ATSIC and the Aboriginal affairs department into the viability of a new shire being established on the Dampier Peninsula. If this occurs, the authority may well be in a position to take this initiative on board. Another avenue that could be explored is one of a mobile branch moving from one community to another on a regular basis.

From an ATSIC point of view, it has now adopted the method of direct electronic payment into bank accounts for its grant recipients such as the Bardi aborigines association—that is, for organisations that receive grants from ATSIC it is paid directly into their bank accounts rather than via cheques. At times this will have considerable benefit for the remote communities in that their pay will go straight into their accounts whereas in the past they have had to try to deposit the cheques, which has been difficult, as Warren as explained to you, because of the poor road conditions.

In relation to new technologies and development of new technologies that support and promote electronic banking such as telebanking, eftpos, Internet banking and smart cards may be a suitable alternative. However, prior to this becoming a reality, a good number of hurdles will need to be explored, assessed, developed and implemented.

There are also some technology issues that will need to be addressed. In many areas of regional Australia the infrastructure needed to support such technology is not available and will not be available for some considerable time. In areas where some of the infrastructure is in place, the transmission speeds are extremely slow, making transactions very time consuming and costly. As STD rates are likely to apply, the cost for remote Aboriginal communities will be significant and will place them at a disadvantage to regional mainstream communities and cities.

Whilst the administrative centres at the five major Aboriginal communities in the Broome area do have telephone, computer and modem access that is required to tack into alternative banking services, this does not apply to most individual households in the region's Aboriginal communities. Some of the Aboriginal communities in the Kullarri region have adopted new technology to assist with the management of the organisations—for example, one community is utilising the services of an accounting firm in Adelaide to assist with the financial management of their organisation. The finance system at the community can be accessed via a modem by the accounting firm in Adelaide where the report is being run to ensure that all financial aspects are correct.

One area of concern generally in relation to banking is fees and charges. The main form of income for many of ATSI's clients is via CDEP or Centrelink benefits. The costs associated with electronic banking need to take into account the economic position of the individuals involved or remote Aboriginal people will be disadvantaged. Most, if not all, financial institutions have adopted minimum monthly balances, otherwise a monthly fee applies. Given that a lot of people living at remote Aboriginal communities are dependent upon CDEP or Centrelink benefits—they are low income earners—this does not encourage saving and punishes low income earners not able to meet the financial institutions minimum monthly balance.

Bank fees and charges are a significant cost for Aboriginal communities. Any alternative banking services will need to ensure that these fees and charges reduce rather than increase the costs. The number of Australians, Aboriginal and non-Aboriginal, who receive their income from the Commonwealth is very significant. Therefore, the government should be able to ensure that these individuals receive more equitable service than the one currently provided.

An ongoing issue will be the need for cash. In many remote locations, including Aboriginal communities, you cannot make purchases unless you have cash. This situation is changing with Aboriginal communities in the Kullarri region but it is likely not to cease to exist, particularly in the short-term, and particularly for purchases costing a minimal

amount. If it is intended that Aboriginal communities establish non-cash facilities, this must be done in conjunction with training and awareness for small business operators that Aboriginal communities have, such as community stores.

There are still concerns about security and privacy aspects of some alternative banking methods such as smart cards. Until these concerns are addressed and accepted by the community the success of this technology is likely to be limited. The use of facilities such as EFTPOS also means that the local agent, for example a community store, must retain a significant amount of cash so that they can meet the needs of the people within the community. This again has obvious risks attached to it.

The final issue relates to the social implications. The financial implications for remote Aboriginal communities are not restricted to banking services. For example, services such as airlines will not confirm a booking unless payment is made, and these bookings are held for only 48 hours for the payment to be made. This is difficult both for community administrators and individuals from within remote communities.

It has been noted that, in general, customers in Australia accept alternative banking services such as EFTPOS and ATMs. Whether this situation exists with remote Aboriginal people we do not know and believe nobody will know unless further research is conducted. The literacy and numeracy levels of remote Aboriginal people are lower than the national average. As such, their ability to manage money is adversely affected. The impact of introducing non-cash alternatives such as smart cards will not be known unless research is conducted or a pilot program implemented. Either way, it is incumbent upon the government to ensure, prior to and during the introduction of any alternative banking and like services, that comprehensive and ongoing awareness raising, training and education are provided to all remote people.

The introduction of alternative electronic banking services may mean that a remote Aboriginal person will be able to speak to a financial institution over a phone, computer or video screen, but how skilled will the person be to provide the culturally appropriate level of service? Will they have the knowledge that a bank sub-branch has, such as the one at Bidyadanga?

In conclusion, the very limited availability of banking and like services in remote Aboriginal communities is not a new occurrence. Secondly, new technology and other alternative banking services have the potential to greatly benefit remote Aboriginal communities by eliminating distance. Thirdly, the new technological developments will require access to efficient telecommunication networks for all Aboriginal communities. Fourthly, the cost of access to these telecommunication networks and other associated fees and charges cannot be prohibitive. If this occurs, the disadvantages will be widened even further. Fifthly, the government needs to ensure that low income earners are not further disadvantaged by the introduction of alternative banking methods and should seek to address the disadvantages that now exist for low income earners.

Sixthly, the need for cash is likely to exist for the short term to mid term and issues related to cash, such as security, cannot be ignored. Seventhly, prior to, during and after the introduction of any alternative banking services, a strong awareness and education campaign will need to be implemented. Lastly, and I think very importantly, the need for face-to-face banking and like services is still the best level of service that can be provided and alternative arrangements that allow this should be explored.

We have two recommendations to put forward to the inquiry. The first is that a detailed study be conducted into the level of banking and like services in remote Aboriginal communities and into how financial services may best be provided to remote Aboriginal communities. This should include the impact that alternative banking services would have on remote Aboriginal communities. The second is that a pilot project be established as a part of the above study. If this occurs, we recommend the One Arm Point community for it as they have already shown their willingness to explore alternative banking methods and have taken action to go down that path.

CHAIR—I think you have raised quite a number of points in your submission. Quentin, did you want to make a comment at this stage, or would you like the committee to ask questions of you about your paper?

Mr Bruce—I am happy to take questions.

CHAIR—A lot of the points that have been brought up are very valid. Alan, you mentioned the Traditional Credit Union and the losses that they had made in their first couple of years of operation. We were told yesterday in hearings in Darwin that they have turned the corner, so to speak, and are now trading in such a way that they expect to be able to expand the business in a gradual manner, as they turn each branch around, to eliminate their losses.

Quentin, the last point in your recommendation, regarding establishing the pilot project at One Arm Point because of the initiatives they have taken, is a good starting point. Can you elaborate a little on what has been done here so far? Warren, you might like to come back in on this, too. It sounds quite exciting, and I think the committee would be very interested to hear how far you have progressed and what your plans are.

Mr Bruce—What we have so far is the financial commitment from Verafone, Hewlett Packard and ERG to provide hardware, software, training and travel to One Arm Point, a 12-month pilot project and smart cards, terminals, computer and software so that we can move the thing along at the administrative centre. That is what we have, and it amounts to maybe about a quarter of a million dollars worth. I have a start date for the project in 10 weeks time.

These big companies are saying, 'We're quite happy to help in any way we can with hardware and everything else, but we think it should be a government responsibility

to come up with funding to help the community along.’ That is a major point, from where I am sitting looking at it.

Mr WILLIS—Would you explain to us just how the smart card would work?

Mr Bruce—There is money on it and you can go and shop to buy a loaf of bread or whatever, and the cost of your loaf of bread will be taken off it. If you go to a reload terminal, you can put your card in and your pay will be put onto it, or whatever arrangements you have with the community.

Mr ALBANESE—Is there one store here where the smart card would primarily be used?

Mr Bruce—There is the store and the office. We will start out with three terminals—two in the store and one in the office.

Mr WILLIS—How would the money be put in? You said it would be through a reload centre, but couldn’t the cheque be paid directly into your account and you would then go to the reload centre to get it transferred onto your card? Is that how it would work?

Mr Bruce—The community takes your payment on trust and pays you by putting it onto the card. So it is a community bank, if you like, or the community’s account. It is the same situation with ATSIC. ATSIC has been doing that—the money is held in trust. So your CDEP money, or whatever benefit you receive, stays in the community and the community pays you.

Mr WILLIS—When you load up your card, where is the money coming from to go onto your card?

Mr Bruce—The money is coming out of the community trust or fund.

CHAIR—So the community is actually taking on a banking role?

Mr Bruce—Yes.

Mr WILLIS—What is that community money coming from—CDEP payments?

Mr Bruce—Yes, from CDEP or whatever community people receive as benefits, entitlements or whatever income gets paid into their community.

Mr WILTON—When you say that it comes out of the community, are you suggesting that there is some sort of pooled community fund which all smart card holders have access to? If so, how is that regulated?

Mr Bruce—That is really a matter for the community to discuss further. The community might differ in what it wants to do, judging by Lombadina—the community just down the road.

CHAIR—Can I clarify that? Are you asking everyone who is getting payments from Centrelink or wherever to put all, or part, of their money into this community pool? Secondly, is an individual then going to be able to draw out up to the limit of the money they have put in, or will it be a different amount?

Mr Bruce—That is up to the individuals here to decide, really. The scope of the program is that there be enough for individual determination. That is what I am here for; that is what I am about.

CHAIR—So you develop the wherewithal, the card technology, and you have the hardware. You are starting it all in 10 weeks time. When do you expect to have that up and running as such?

Mr Bruce—I feel we will have it in 10 weeks time.

CHAIR—You will actually have it?

Mr Bruce—Yes.

CHAIR—So everyone in the community is going to get a card in 10 weeks time?

Mr Bruce—Hopefully.

Mr ALBANESE—How long do you see the pilot project going?

Mr Bruce—Twelve months.

Mr ANTHONY—Are most people familiar with what is going to happen here now?

Mr Bruce—No.

CHAIR—That raises the big question: the education side of it that Mr Anthony, I think, has alluded to. Who is going to assume responsibility for the education, because this is obviously quite a big change?

Mr Clements—I want to discuss more of this with Quentin and with Steve Alexander, whom we hoped would have been here. I will go back a few steps. A lot of people in the community get social benefits, but the community misses out on their rent money because, whether they get jobsearch allowance, old age pensions or anything else,

we cannot get that money from them. This is the whole idea of the smart card—that there be some sort of system where social welfare payments can be put into a community fund or community bank account so that at least we can get that \$40 or \$30 rent from them every week. Over a year, Bardi misses out on probably \$9,000 rent, which kills us with our powerhouse or whatever.

That is what this smart card system is about. We are trying to set up our own bank, very much the same as a credit union, so that all funds can go in. With this smart card, we can have it reloaded every week. Our people here can reload it through our computer systems in the office, working with the bank or a motherboard in Broome, or whatever. So the money is reloaded and every Thursday people will be able to withdraw money using their smart card. When we start generating a bit more money, it is up to the council as to whether it is able to help out with loans, because people in this community on \$150 week cannot get any loans to buy themselves a vehicle or household goods. That is what we are trying to do with the smart card—to set ourselves up to generate money for ourselves to make life a bit more comfortable for our people. That is why I had hoped that Steve Alexander would have been here, because he has been working with Quentin in trying to set this up with us.

Mr ANTHONY—Warren, do many people here have credit cards?

Mr Clements—I do not think many people have credit cards. A lot of people have keycards which they use in Broome, or even in the store here.

Mr ANTHONY—You have EFTPOS here?

Mr Clements—We have EFTPOS here. The other thing we are talking about with Steve Alexander is that, when we use our Commonwealth cards for bank transactions, we are losing out. But, if we have our own system with a smart card, that \$2 transaction fee will go back into the community.

Mr ANTHONY—Do you envisage the Centrelink cheques still coming to One Arm Point or will they all go to a bank account in Broome?

Mr Clements—We are hoping that they come into our community so that Bardi is able to somehow get money out of them.

Mr ANTHONY—Do the cheques actually physically come here?

Mr Clements—The cheques come here. We get cheques for all the pensioners and jobsearch people. Their cheques come here.

Mr ANTHONY—What happens in the wet season?

Mr Clements—They miss out in the wet season.

Mr ANTHONY—So what are you going to do then?

Mr Clements—If the smart card system can be put into a banking system in Broome—and if they have their card on them all the time—if they are stuck in Broome and their money is here, they will still have their card.

Mr HOCKEY—So they could credit their card here?

Mr Clements—Yes.

Mr HOCKEY—So you would get all the payments into the central account and just credit their card here. You would not need to have cheques, really, would you?

Mr Clements—No. The cheques that come from Centrelink or wherever can go straight into our motherboard of our bank or our credit union.

Mr ANTHONY—What do your people think about it?

Mr Clements—We have discussed it a few times at meetings and we have tried to hold general meetings to discuss it more. It is all very new to us. It is very new to me. The first people to come to speak to us were from Verafone. They talked to us about a place in Saudi Arabia. Half of us had never heard of the place or knew anything about it. We have a general meeting coming up in the next two weeks, and we want to try to pull everyone together and explain it to them.

We have young kids who are going away to year 10 and year 12 and they come back and all that is left in the community for them is CDEP. Three months or six months later, they end up pregnant and their future is stuffed. With this sort of thing, we hope to be able to generate training for them so that when these kids do come back there is something real for them. It is a whole circle that the council has looked at for generating money for ourselves and making life easier for the people—something for the future for our kids. I have kids who are in year 10 and that now, and I want something for them in the future. This could be the thing for them. I do not want them to come back here and the CDEP is it for the rest of their lives.

If we get the motherboard set up and Centrelink's cheques go into that motherboard, the card would be filled up with that money every fortnight—very much the same as what our fuel card system here is. After you finish with the fuel card, you just throw it away or give it back and get your \$2 deposit back and it can be reactivated again.

Mr WILLIS—Do you see the reloading of the cards happening right here in this community?

Mr Clements—We can reload the fuel cards here for the community. If we can do that with the money, yes.

Mr WILLIS—When the money gets paid by Centrelink or whoever into an account, would that be in the name of an individual or would it just come in as some community account?

Mr Clements—I am not sure. It may come into the community account. To generate employment we could have people there to distribute the money when it comes in. I am lost when we get that far and talk about the technical side of it. That is why we have people like Quentin and Steve Alexander to come in and help us. Hopefully, with this study, we will have a pilot program and we will work out ways of achieving it.

Mr HOCKEY—Is ATASIC monitoring this?

Mr Beattie—Our role has been to try to assist Bardi with progressing the issue. The way we have done that to date is by trying to broaden our knowledge and their knowledge through the inquiry. Hopefully, through this process, the government in some form—whether it be ATASIC or someone else—will become involved in some way or other in a pilot program.

Mr HOCKEY—So is ATASIC monitoring this? I am not sure who Steve is, but are you watching from a proprietary point of view? I am sure everyone is honest and so on but, when there is a pooling of community funds, are you watching whether there are any technical errors or mistakes in the movement of the money?

Mr Beattie—The pooling of community funds, and those sorts of things, has not occurred. So there would not have been anything for us to be able to monitor at this date. All we can do is make sure that, from an ATASIC point of view, our funds that are provided to the Bardi community for their own development go to their own particular bank accounts which they have nominated and that they acquit those funds as they are required to under the ATASIC act. In relation to CDEP payments which are then channelled through Centrelink, we can make sure that those CDEP payments are made to the correct individuals.

Mr HOCKEY—Where is Stephen from?

Mr Clements—Stephen was initially involved with Centrelink.

Mr Bruce—Stephen is an international expert. He is a director of Commerce Net Australia. Commerce Net is a big non-profit industry organisation. It advises the White House and multinationals and government. Stephen had the first multi-media company in Europe. He put on the first Internet bank and advertising and so on.

Centrelink paid him to come up here to help us to get funding for this project. So Steve did a few applications. One went off to RTIF and I am told that, for political reasons, we were knocked back. This puts us in a hard position because all we have got is this technology company saying, 'This is great. You people want it to go ahead. It is beautiful.' But we are a very poor community and we have not got money to pay for people to go out of town. It is hard enough just picking up the cash and doing it that way.

Mr HOCKEY—So, Warren, you are satisfied about the security of this new procedure?

Mr Clements—I am satisfied with the security after we get funds to really look into it. We are still accountable to ATSIC for our money. And even when we have the system, I dare say we will still be accountable to ATSIC for the federal funding we get, even with Centrelink. We really have to look into it and sit down and get some more people involved in it. I do not know about the rest of my council, but as soon as we start talking about the technology—I am battling just to work a keyboard—it goes over my head. I will be happy once we get in, get some more study done on it, really look into it and work out the best way to control it and what is best for the community.

Mr HOCKEY—So it comes back to ATSIC. What is ATSIC doing about monitoring security arrangements?

Mr Beattie—As I said, our process has been to try and get the project up and running and get the pilot up and running. Our bucket of money is not infinite. The regional council gets its own allocation of money to provide infrastructure and those sorts of services. Via this process via the inquiry, we are trying to look at alternatives at being able to provide funding to look at exactly what Warren is talking about. We want to get it up and running and do those detailed things that I have spoken about—for instance, at what the real impact is going to be on the community.

Mr HOCKEY—Yes, I understand that. But you are saying, 'get the project up and running'. I would assume that you would have to be satisfied about the security issues around this project before you get it up and running, before people starting putting their money into it.

Mr Beattie—The whole part that we spoke about was the security aspects of it and that is—

Mr HOCKEY—No. You talked about the movement of cash. I have some very honest questions about the security aspect of money going into a pooled fund and then being distributed out through smart cards. You are saying that you want to get it up and running before you ask about the security problem. I say that you should ask about the security before you get it up and running.

Mr Beattie—Going back to what I said earlier, if you look at the issues that we raised about the security aspects in relation to privacy and confidentiality, and those sorts of things, they are related to smart card technology. That is where we have been involved to date to try to progress things so that those sorts of things can be looked at. The monitoring we have done to date has involved having consultations and discussions with Bardi and keeping them aware and trying to get you here, and that sort of thing, so that we can start to examine those sorts of issues.

Mr Clements—That is right. The only money coming into it that we see at this stage would be our CDEP wages and our Centrelink money, which is Jobsearch and pensions. We still have to report back. We get money for 150 people. Over 12 months, it is about \$1.3 million for 106 people. So we know that we are going to be accountable for that.

Mr WILLIS—What involvement has Centrelink had in this at this stage, because this money is very much at stake here?

Mr Clements—Centrelink's involvement initially was in getting Steve Alexander to come here and talk to us about it.

Mr WILLIS—So he was sent by Centrelink?

Mr Clements—Yes.

Mr Bruce—With Dick Odgers, who is the remote area chief of Centrelink.

Mr HOCKEY—So Dick is overseeing it, as well, is he, from Centrelink?

Mr Bruce—He came up here; he came out to one—

Mr Clements—He came up here for initial discussions. Networking Australia was involved in it because the application was supposed to go through them to try and secure funding to get it up and running. We got a letter back that we missed the boat and then everything fell away. But we still carried on with it through Quentin. We employed Quentin on a grand sum of \$140 per week with CDEP to continue to pursue this, because we really see it as a priority for this community.

CHAIR—I understand that there could be some significant savings there for Centrelink in administration costs. Have you got any ballpark figures, or whatever?

Mr Bruce—For Centrelink?

CHAIR—Yes.

Mr Bruce—Based on an implementation on One Arm Point, I think Centrelink would save up to 60 per cent of their administration costs.

CHAIR—Up to 60 per cent; that is very significant. Centrelink ought to have a fairly keen interest in helping you progress it from the point of view of their own financial interests. Are they prepared to let you put money forward on that basis?

Mr Bruce—No. I asked them and they said the best they could do was to get Stephen Alexander to help in getting a pilot project going. Once that is going, then they can look at it a bit further maybe. I would have thought they would be more interested in seeing some hard figures.

Mr WILTON—Are you, Stephen and Alan all in regular contact with Verafone? How regularly are you meeting with them, given that the application for smart cards for the Bardi community is only a few weeks away?

Mr Bruce—I am the one who does all that liaison. That is not going anywhere. The date of 10 weeks time has been set because this has been going on for so long. We have been promised funding from here and there but nothing is happening, so we are going to move on it. It will not be as fancy or, I guess, it will not be as tailor-made for the people who are most interested. It looks like we are going to have to do it the hard way. They are ready to go in 10 weeks time. There is a lot of the work to be done over the next 10 weeks.

Mr WILLIS—I do not see how it can be got going unless Centrelink is actually actively involved and cooperating and approving.

Mr Bruce—I guess the reason Centrelink are not getting involved is because, really, once someone from here signs a statutory declaration saying, 'Pay my money into One Arm Point trust,' it has got nothing more to do with them.

Mr Clements—That is exactly what Centrelink have told us also. If we set the system up—and Terry Young has spoken to us—all we have to do is to try and get their money out of them. You say, 'Okay, you sign this here, so we can deduct \$30 for rent or \$20 for your workshop fees' and that is it. Once we sign over and say that we agree for our money to go into the smart card system, Centrelink will be finished. They will just pay the money into the smart card system. This is what Terry Young has told us. Once this happens, they will do it. It is to their advantage.

Mr WILLIS—So they are quite happy to pay into a community fund?

Mr Clements—Into the community fund, but there has to be that system there. It is like a banking system: it is paid into that person's account. They tell us that, when they get their smart card, they can reactivate it and get another one every fortnight instead of

the \$1.05 or the 13c that is left over that they do not use—that is where we would make our money.

Mr ANTHONY—What happens if this all goes according to plan and most people get used to the smart card, but there are some people who will probably never get used to it and they say, ‘Look, I’ll just have my money in cash,’ from your administration centre here? Is that going to be a problem?

Mr Clements—We will come and see you for another pilot program! No, I am not sure where that is going to leave us.

Mr ANTHONY—Because then you will have to have cash on the premises, won’t you?

Mr Clements—Exactly.

Mr ANTHONY—There are two issues here. One is the smart card, and, as you said, you are becoming your own credit union.

Mr Clements—That is going to be a problem for us and it is going to be a problem for every community. Ladies like their ladies night out every Wednesday or Thursday, or whatever, and there has to be the cash there. That is going to be a problem for us.

The educational thing about getting the smart card has shown up in Bidiyadanga when they get their money out. Before, when people got their money, the money was in their hand and it was too easy to give their son \$20, their daughter \$20, \$50 for groceries and then go down to the ladies night out—and that was it: your money was gone. But with that money there in the smart card, they seem to think a bit more and they think, ‘I’ll only get what I need,’ and that money lasts a bit longer. That is the educational thing that we have to try and get here. It is going to be a big learning curve for us all, especially for the older people.

Mr ANTHONY—As it stands now, if I get my cheque sent to me here, where do I go and cash it?

Mr Clements—You can cash it at the office or at the store. Or you can go to Djarindjin and cash it. And that happens—we have cases here on pension week. We pay out about \$9,000 in money and then we have to get those cheques into our transactions account because if we do not get them in on time, it ends up going as an overdraft—

Mr ANTHONY—So if I want to put my money into a bank account, I cannot do it—there is no agency arrangement here, is there?

Mr Clements—No.

Mr ANTHONY—I have to go to Broome or somewhere?

Mr Clements—You have to go to Broome. So the money does not last.

CHAIR—The ANZ is present in Broome, isn't it—the one you are dealing with?

Mr Clements—We deal with the Commonwealth.

CHAIR—Have any of the banks shown any interest in assisting you with this work?

Mr Clements—BankWest has. They have rung us up to talk about it. I think they were going to go to your session—was there a session you did yesterday in Broome?

CHAIR—No. BankWest came before us in Perth.

Mr Clements—Right. They spoke to us and they were going to try and catch up with you and talk to you if there was a session held in Broome yesterday, because Bidyadanga is interested in it and BankWest is at Bidyadanga.

Mr Beattie—BankWest has a sub-branch at Bidyadanga.

CHAIR—Alan, you might want to respond to this: on this whole question of training to change over to this, there is going to be a lot of work here to get people confident with the changed system. What work have you done so far in identifying who is going to be responsible and who is going to start doing this?

Mr Beattie—The responsibility is a difficult one to answer, in that it is a community initiative. The role we want to take is to assist, not to direct, the community on what they should be doing. So, in a lot of ways, the whole program and the educational and training side of it need to be driven by the community, then we will assist in whatever way we can, whether that be by ourselves or by directing them to other organisations that may be able to help. I am sorry, what was the second part of the question?

CHAIR—Who do you think is going to be able to do it? Warren or Alan, have you got someone who is going to be gearing up? If you want to start in 10 weeks time, you really want someone there ready to go.

Mr Clements—Yes.

Mr Bruce—We have got these office people here in One Arm Point and they are all very dedicated, good people. There is not really that much involved; these things are

fairly simple. We are going to make up a brochure, and make it look really professional and everything like that. I think you will find that people here will be able to adopt this technology better than a lot of people in towns or cities.

Mr WILLIS—If people have the card, how will they know how much is on it?

Mr Bruce—They put it in a machine, and on their little visor—

Mr WILLIS—So it will show how much is left at any time? They can just check that whenever they want to?

Mr Bruce—Yes.

CHAIR—Do you envisage, if someone goes to, say, Broome, that either in a bank or somewhere there will be place where you can pick up cash using the smart card?

Mr Bruce—Yes. We are putting in two points in town to start with. Down the track, I imagine that you will be able to get cash from whatever merchant is participating.

Mr WILLIS—When you say you are putting in two points in town, does it pay you to do that for just this community?

Mr Bruce—Yes, at existing locations where people can go and get cash straightaway.

Mr WILLIS—‘Town’ means Broome, does it?

Mr Bruce—That is it. One here possibly, plus town.

Mr WILLIS—It just seems to me that that would be a cost that, if it were shared amongst a lot of communities, might well be worthwhile—in fact, it would be very advantageous—but for one community it might be quite expensive to set that up.

Mr Bruce—No, it is not as if we are putting in a lot of costs. All we are doing is putting in a couple of terminals, and all of that is being provided by the technology companies.

Mr WILLIS—So you think that is all going to be picked up because it is a pilot project and someone else is picking up the tab for it?

Mr Bruce—Yes, that is all being picked up. It has all been agreed to.

Mr WILLIS—Are there any limits on the sorts of things that people can buy on the card? Is this a liquor free community?

Mr Clements—Yes. That was a discussion that council had in the initial stages and we talked about this: what can we buy on it; can we buy liquor with it? I do not know if we can stop that. Is that taking away what they want to do? I am lost for the words for what I want to say. Are we stopping them from doing what they want to do? You cannot buy liquor here, but we should not stop them from going to Broome and buying their liquor.

Mr Bruce—But if they were consulted and they say, ‘I cannot help myself. Bar me from using this card at a pub or bottle shop,’ then we could probably do that. So for health, for alcohol rehabilitation, there are applications that we can use the card for.

Mr ANTHONY—If I get my card loaded up, and I have spent my money here and I go into Broome for a night out on the town, what do I do with my smart card? How can I get cash out of there, because no-one else will accept it, will they? It is only relevant for this community here—is that correct?

Mr Bruce—No, you can go and use it at various merchants in town or you can go and get cash out with it. In Perth, you can use it at over 1,200 merchant points at the moment.

Mr ANTHONY—That operates now, does it?

Mr Bruce—Yes. And that is expanding every day, more and more.

Mr ANTHONY—There are merchant points in Broome?

Mr Bruce—Not yet. There will be.

Mr WILTON—What is the very next step you are going to take to crank this up, and when are you going to take it?

Mr Bruce—My next step will probably be when I fly down to Perth next week to talk to some people there.

Mr WILTON—About what?

Mr Bruce—About the final arrangements and the database and so on.

Mr WILTON—Would you anticipate that Centrelink would be involved in those discussions?

Mr Bruce—Centrelink seem as though they have not wanted to be involved in any of this, apart from the strange step of paying someone to help get some funding for this. They have wanted to step back and let it happen. It seems that a lot of people have done

that sort of thing. A lot have chucked themselves or chucked their money into it and then stepped back and said, 'We will do this much or that much,' and whatever. Centrelink will probably want to get more involved, once we can come up with some good figures.

CHAIR—It has been a very interesting discussion we have had here today. Does anyone else from the community want to make any comments at this stage? This is a good opportunity. I would like to hear some input from some of the others who are present as to how they view the whole new project.

Mr Marrius—We have, from Lombadina; somebody else may want to say something there.

Mr Thomas—The points that Warren outlined with regard to banking facilities are quite correct. Djarindjin, which is half an hour's drive from here, has the same problems with regard to transport and running into Broome. Warren and Alan's submission to the committee is similar to the sorts of problems that we have at Djarindjin. We have to have a car going in each week because people come in and cash their cheques. There is a mail run three times per week up the peninsula from Broome. Obviously, with these cheques coming out, people come in and need their cheques cashed. People need to pay their bills within the community but they also need to cash their cheques before going to Broome, in order to buy the fuel to go in. A lot of them also buy food in order to go in to Broome.

As we know, it is tax time at the moment. It was necessary for the Djarindjin community to have one of the vehicles go in to Broome to get a large amount of cash. All of the cheques came in on the same day because they were dealt with by an accounting firm in Broome. Everything was pretty much rolled off on the same day, and cheques came back from that particular firm. We found it necessary to go in to Broome to get enough money to change the cheques at Djarindjin, because that is what the community wanted. As Alan said, as far as security is concerned, unless we can arrange the banking system much more safely, at some stage there is a disaster waiting around the corner because all the communities have to go and bank in Broome; and that has to happen in order to replenish the funds in all the communities along the peninsula each week.

Mr Clements—There is another concern that we have problems with on the peninsula, where we have about 60 outstations. Those outstations are serviced by three major organisations in Broome—Mamabulamjin, Nirrumburk and Burrjuk. I do not know how those people use their money now, but all of their money has to go into a bank. They come in to agents, or whatever, to try to get their money out. Before, Mamabulamjin, Nirrumburk and Burrjuk also had people coming out there with all the money for the outstations, and they may have set themselves up at Djarindjin, Lombadina or here to pay those people out, so those people are also bringing out lots of money.

If those organisations in town come on board with the smart card system—which they may very well do, because it benefits their people out here—we have about 1,300

people on CDP on the peninsula, and in the long term, we may all go together, with that happening. At the moment, we have a community of 350 to 450 people here. There are 103 people on CDP and probably about 80 people who get pensions and single-parent pensions with all this money, and we have to cater for all of that cash.

At Beagle Bay, which is a bit further down the road again, when Jimmy and I were talking with Cyril Puertollano and Phillip Matsumoto the other week, they were very interested in taking on the same concept as ours. Unfortunately, they are not here. They are very much in support of it also, because they have exactly the same problems. In the last wet season, I think Johnny's cash car rolled over with all the people in it, in the wet. That cost them a heap of money to get it fixed. That could have been a disaster if their money had gone missing. There are cases where whole safes have gone for a walk, with all the money in them.

Mr Marrius—Even the airstrip is closed down, in the wet.

Mr WILLIS—But you are going to get a sealed one down the road, aren't you?

Mr Clements—Yes. We are getting a sealed one down the road, but it is a matter of getting from here to that sealed strip. When that airstrip is sealed, it will stop a lot of the problems.

Mr ALBANESE—There is one thing I am not clear about. You say that you are hoping to get it all up in 10 weeks, but do I have it right that you need some funding from somewhere to do that?

Mr Bruce—No, I do not need funding, but it would help. When I first got this thing going, I had to hitchhike to Melbourne, and there were times when I did not have \$10 for a night's accommodation. Even now, when I went to Perth last week, I lost my ticket and I did not have enough money to pay the \$25 to replace that ticket, because I am putting so much of my effort into getting this going. But I will keep going, and it will happen: there are no problems about that.

CHAIR—Does anybody else want to make a comment? If not, I thank everyone very much for this extremely valuable opportunity for the committee. Thank you all for your input. The committee has been extremely interested in what you have had to say, and looks forward to learning about the progress of what you are doing, because it sounds to be quite an exciting development.

Resolved (on motion by **Mr Willis**, seconded by **Mr Hockey**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Forum adjourned at 5.04 p.m.

