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HOUSE OF REPRESENTATIVES

**STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION**

Reference: Regional banking services

WARRACKNABEAL

Wednesday, 29 April 1998

PROOF HANSARD REPORT

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

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Mr Hawker (Chair)

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Mr Latham	Mr Wilton
Mr Martin	

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HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
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Regional banking services

WARRACKNABEAL

Wednesday, 29 April 1998

Present

Mr Hawker (Chair)

Mr Willis

Mr Wilton

Committee met at 2.53 p.m.

Mr Hawker took the chair.

CHAIR—I would like to declare open this hearing of the House of Representatives Standing Committee on Financial Institutions and Public Administration's inquiry into alternative means of providing banking and like services in regional and remote Australia to those currently delivered through the traditional bank branch network. Since the deregulation of the banking industry, banks have responded to pressures of competition by introducing measures to reduce costs and maximise profits. One of these measures involves the downsizing or closure of many branches in rural and regional areas. Forecasts suggest that this process of rationalisation will continue. Indeed, the banks have told this committee that branches will continue to close.

The loss of traditional banking branches and services has had a major impact on individuals, business and communities concerned. Many of the communities appearing before the committee today have either lost or fear that they may lose their banks. However, many of these communities have rallied and are actively involved in finding and establishing alternative ways of accessing financial services.

The committee is here to find out more about the impact of the closures on your communities and to assist in the process of finding and establishing alternative ways of accessing financial services. In seeking solutions to the problems created by the closure of bank branches, we are exploring both institutional and technological alternatives to banking and like services.

There are already a number of alternatives in place in some regional and remote areas, many of which are operating quite successfully. Both private and public effort is involved and, in some cases, cooperatively. These initiatives include a proposal from the Pharmacy Guild to use its pharmacy Intranet to provide a network of banking outlets—and there are over 5,000 pharmacies throughout Australia. Colonial State Bank initiatives include the establishment of single site operations that will be licensed to go to and be collocated with a rural business. Where these are not viable, smaller agency dealer franchises will be established.

We are going to talk to the Bendigo Community Bank first up today, and we are certainly looking forward to hearing a lot more from them. Another initiative is the establishment of electronic agencies by Bank SA. Bank SA has 173 electronic agencies in rural South Australia, and the system incorporates a low-cost terminal with EFTPOS that allows for a broad range of banking services such as deposits and withdrawals, cheque processing, balance inquiries and statement requests.

We have also seen the successful establishment of credit unions in many communities where the banks have left, and in the course of this inquiry we will be visiting some of these communities and trying to identify factors that assist in their successful establishment or, alternatively, impede their establishment or limit the degree to which they can provide services. This includes legislative and other regulatory impediments; and of course CreditCare, which is very much involved in this, was an initiative that the Hon. Ralph Willis was very much involved with when he was Treasurer.

A number of strategic alliances have been formed between credit unions and other financial institutions to offer specific services to rural customers. Some local and state governments are investigating ways of sharing facilities or establishing one-stop shops which may provide both government and banking services. The committee is very interested in these developments.

We are looking at ways of expanding agency services where they do exist and establishing them in

areas where they do not. For instance, we will be looking closely at services offered by public institutions such as Australia Post, namely giroPost, and considering how these may be extended and improved. On that particular point, I have been heartened by recent discussions with the chief executive officers of the major banks regarding their willingness to consider options for jointly utilising franchise type operations to offer a range of banking facilities.

Technological alternatives clearly have a major role in extending the access to banking services to those in rural and regional Australia. Electronic banking facilities such as ATMs and EFTPOS are already widely available particularly in metropolitan areas. Telephone banking offers a range of services—as does the Internet—and smart cards are being trialled in many places and slowly introduced in others.

Although these new technologies are very promising and may indeed be the future of banking, the committee is aware of the need to distinguish between their potential and the reality of their availability. Not all communities have ATM or EFTPOS facilities, and even where they are available the services they provide are limited or inadequate. We hear from some people, for instance, that telephone banking often involves waiting, which involves a cost. While banks are increasingly offering services via the Internet, many rural areas simply do not have the infrastructure in place to allow full access, and where access is available it is often slow and costly.

We are keen to find out today the extent to which new technologies are satisfying the banking requirements of your communities and where gaps remain in the service. Given the impact that the closure of banks—often with little notice—has on communities, it is not surprising that the announcement of an impending closure is usually met with anger, particularly by those communities who often, for a very good reason, feel as if they have been badly done by by the banks.

If the closure of bank branches is to continue, there must be better ways of going about the process. We will be looking for ways of minimising distress to communities involved and of maximising their participation in the development of constructive strategies to ensure their continued access to financial services.

During this inquiry we will travel to all states and territories and this is our second visit to a regional area. We have been greatly assisted in organising this visit by a number of people including Neville Anderson, Jeremy Maloney and Hugh Delahunty from the Office of Rural Affairs, Stewart Petering from the Minyip Consultative Committee and many individuals from the Shire of Southern Grampians and the Shire of Yarriambiack.

Our aim in this inquiry is to find answers. There will, of course, be no single solution to the problems being experienced as a result of bank closures. We will be looking for that mixture of strategies to address this situation. The solution will certainly involve both institutional and technological alternatives. We recognise that any solutions will need to balance the needs of financial institutions and their customers. They will also require the recognition of mutual responsibilities and the cooperation of governments, industry and community. Quite simply, our regional and remote communities deserve nothing less.

I would like now to introduce my colleagues on the committee. Greg Wilton, the member for Isaacs in

Melbourne, is the Deputy Chairman. The honourable Ralph Willis from the seat of Gellibrand in Melbourne, who I am sure is well known to you, is also a member of the committee. Jan Connaughton is the secretary to the committee and Adam Cunningham is assisting, as is Lorraine Hendy.

[3.01 p.m.]

HUNT, Mr Robert George, Managing Director, Bendigo Bank Group, PO Box 480, Bendigo, Victoria 3552

CHAIR—I would now like to welcome Mr Rob Hunt from the Bendigo Bank to today's hearing. I would remind you that the evidence that you give at the public hearing today is considered to be part of the proceedings of parliament. Accordingly, I advise you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. The committee has received your submission No. 62 and it has been authorised for publication. Are there any corrections or amendments you would like to make to your submission?

Mr Hunt—Yes, I would like to provide a further update, given that that was provided early in the project of pilots. I have some further information and also notes of the issues that I want to bring to the attention of the committee today.

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

That the additional submission from Mr Hunt of Bendigo Bank Group be accepted as evidence in these proceedings.

CHAIR—Would you like to make a brief opening statement before we proceed to questions?

Mr Hunt—Thank you, Mr Chairman. We are all familiar with the number of branch closures. They are well documented although perhaps not as well documented is the issue of the winding back of opening times, managerial authority et cetera that is going on and having an impact in particularly some of the regional areas.

The traditional branches are being shut on the basis that the current model that they have is uneconomic and we have no argument with that. We are simply putting a view that a new model needs to be established. In Bendigo we have been running small agencies and branches and a range of different delivery structures for some time. This brought us to the view that it was not really just a matter of solving over-the-counter transaction issues in this particular exercise. We really needed to look more broadly to ensure that we had a commercially viable solution and that that solution could be worked through as changes occur.

The other thing is it is not just banking services. There are many things that have been withdrawn from communities, including some government and other services that have been withdrawn and centralised. There are some hidden problems in this for the communities. Many of the regional communities export capital and although I have no problem with the issues of compulsory superannuation, collective investment structures, et cetera, there is no efficient mechanism today to have some of that capital that might have been exported returned for more productive use. I want to come back to that a little later. Effectively, the inadequacy of the support for emerging businesses is the result of this and also the result of the loss of banking services.

The lack of a local debt financier who is committed to the region has a fairly immediate effect. I think you have been told by many of the participants in the district just what happens when people move with their banking. They move their shopping and they move a lot of their other habits which actually make the businesses less viable. There is no structure to match potential investors in business needs and the need for equity generally. There is no structure available for locals to invest locally in a true regulated structure.

One of the other problems that we see in the loss of banking services is stifled innovation. One of the problems is about confidence and the second thing is about availability of capital to strike that innovation into some reality. While the short-term damage to local businesses is more easily identified, some of these larger issues we try to take into account and use our experience over many years of running small branches to work with communities and develop financial solutions that enable communities to win and therefore Bendigo Bank wins.

Our view is that innovative, vibrant communities create a successful banking sector. It does not necessarily act in the reverse. If we were to stifle innovation, how many of these communities would in fact continue the process that is happening today. For example, lentil production in the Wimmera grew from virtually zero in 1992 to a projected 55,000 tonnes this year—oil seed production likewise. Many of these industries when they first emerge need support. Tomorrow's boom crop may well be in the laboratory today.

Effectively, I guess the removal of mechanisms just to manage the local banking structures can in fact stifle creativity and many of the larger employers in some of the country regions today would not exist. An example would be in Nhill. Luv-a-Duck, which is a very large employer in Nhill today, probably 10 to 15 years ago did not exist; it is where 90-odd people are employed. That was because there was foresight, innovation, creativity and available capital to develop the business.

Mr WILLIS—What does it do?

Mr Hunt—It is a duck farm. In response to this need and our knowledge of communities, in our view there was a clear need to come up with a solution that would satisfy the basic banking services and also satisfy the longer-term desire of the community to continue to be able to regenerate, use innovation and create.

Bendigo Bank developed this concept using its knowledge and skill of banking but basically took on the best partner it could—the community. Strong communities are sustained by their ability to overcome adversity through innovation. Our model is both economically viable and sustainable with the right community support. It is viable, therefore, dependent on the community's own motivation firstly to support the structure that they own—their shop, their local finance shop—and secondly because it actually involves them in decision making about the effective management of their own capital and capacities.

Our view is that the community in fact ought to be, and is, motivated to help itself. We are seeing that with some 80 townships at this point that have expressed interest in the community bank framework. Many of them might not have specific detail as the initial pilots have. The community bank model—and it is just that, a pilot model—is an innovative way to meet the immediate need for daily banking services but it can address the capital drain over time.

Paying a return to the local community for every dollar exported—that is, saved—every dollar imported—that is, borrowed—and having that income stay to sustain local service and to sustain some ongoing benefit for the community seems to me to be a very positive win-win prospect.

It is also importing a real live business and some jobs and some certainty. It is partnering the community in providing the solution. Ensuring that the local lender has some sort of empathy with the local community is very important. Many of the horror stories I hear often involve people's remoteness and distance from the real decision of assessment of credit.

Really becoming an entry point for a diverse range of services is a real prospect for this office. If the community mobilises itself and has a broad range of support, anyone wanting to sell financial services to that community would find this particular delivery mechanism very efficient. Therefore, the prospects of growing income in the shop are really dependent on the community support to it in the first place. It is a discrete customer base through which many people would be interested to deliver financial products.

It means capital exported, capital imported. There is a margin left in the town for it to be used as wisely as it can be to help the town regenerate. Firstly, it helps to pay the investors who put up the money for the initial investment but, secondly, it helps to pay for ongoing community structure and support. It could be, as I said, an entry point for many forms of funding activity into the region.

Community Bank, because we are happy, willing and keen to work with communities, is a great motivator. It has can-do possibilities that enables not only the injection of a viable business but also possibilities beyond which they have not been offered before. This point should not be underestimated because can-do can change the way a community reacts. It does not just provide a basic service which everyone says is needed, basic transaction services, it provides a change of motive. It provides all the natural incentives for them to support the local shop because the local shop will have some revenue left in town in the form of jobs and in the form of revenue dropping into the community chest.

It provides a solution that enables communities to help themselves. It can reverse the trend. It can provide a can-do attitude. Although the Community Bank concept is, as of today, untried, it has been well tested in the form of research. We have done work, and we will continue to work, with communities to make sure that the community is well informed and participates in the decision making.

We are confident that, with the right will, Bendigo has a way forward because this is exactly how Bendigo Bank started. A group of people decided to get together to find a way whereby they could use their own internal resources to house people. I am sure the model will work and I have termed it my 'back to the future' project. I believe the community has the will to do that, given what they are confronted with. Bendigo Bank is working to address the capital drain as well because there is a limited amount of capital, quite often. Some of the country communities are exporting capital because they actually create more than they can consume.

We are working with the City of Greater Bendigo and the Bendigo Stock Exchange on the prospect of developing an Internet frame stock exchange that will enable a regulated framework for investors to invest in viable and vibrant and good prospect businesses. This will open the door for locals to invest locally in a

regulated structure. There is no reason why this shop would not provide that service to the locals as a straight transaction centre. Obviously, we are not underestimating the work that has to be done to do that. We are not proposing that as a part of the Community Bank concept. It is a next step and part of our ongoing commitment to the communities.

One of the problems is that they are losing their banking services today without the bridge having been built to electronic commerce. We are committed to building the capacity of the community to make decisions as to how they embrace electronic commerce and how they use that to their advantage. We are not afraid of technology. We have phone banking services and a whole raft of things, but right now the communities say they need transaction services to sustain their local business. We are concentrating on that, number one, and then we will progress this business into the local investment and finance shop.

However, I can say that unless this capital drain in terms of access to this capital is addressed, we will have a problem. We will have ongoing capacity beyond its consumption and we will be exporting capital with little chance of that coming back for productive activity. Therefore, viable and possibly vibrant businesses will not be supported. The largest private employer that I am aware of in Bendigo, for instance, did not exist 10 years ago. So for those who say they can choose the winners, I say the community is a lot stronger and much more resilient than they expect. They will not pick all the winners. The community has the greatest prospect list and certainly knows where the next winners are coming from.

In summary, Community Bank uses Bendigo Bank's excellent technology base and proven skill in running small branches. We are confident the model works having custom built the structure after having looked at the economic capacity of the region and the township and after having looked at the community will. After we added those up we built a structure that will be economic, provided the community does what it said it was going to do in the surveys. Community Bank has the capacity to mobilise support better than any other independent trading company because it is the community's company and because they can mobilise more customers than an independent trading entity.

Community Bank is the first but very important step in managing capital, boosting morale, sustaining community structures and encouraging innovation. It is a structure that is importing a new business that is driven by good business planning strategies, good research and a solid base of facts on which to judge the import of this new business. It just happens to be the business that will satisfy a current need.

CHAIR—Thank you very much, Mr Hunt, the committee is extremely impressed with the concept, and your presentation. It really is first class and we all wish you well with what you are undertaking, for a number of reasons.

Could I start by saying it is a new concept, as you say, and one that you have developed yourself. Are there any examples around the world that are in any way similar to this?

Mr Hunt—We were not able to find something that was precisely matched with this. There are community banks in the United States that grew from community needs, just like the Bendigo Building Society grew from community needs and a gathering together to address those needs. There are certain structures around but they are not precisely like this, nor are they as involving as we have found this project.

CHAIR—The committee heard earlier, when we were in Minyip, of the contribution that the local community is going to be making to setting up their community bank branch. Would you be able to expand on what contribution the Bendigo Bank will be making to the Minyip and/or the Rupanyup community branches?

Mr Hunt—The term ‘franchise fee’ was loosely used in that environment. Effectively, the majority of the fee that is paid is for set-up costs, that is, the set-up cost of counters and training of staff. The actual franchise fee would be a quarter or less than that fee that was disclosed. The fee is determined by what service we are trying to build, so there is no fixed fee. We start with the economics, the community will, and what they would like to establish. We custom build what will deliver that. The fee might range from a higher fee or a lower fee, but the majority of that at this point is set-up costs.

As for the bank’s contribution, we have spent 18 months in fleshing out, developing, not only the concept but also the legal documents and the overall promotion of this program. The board of my bank is looking forward to a return at some date in the future. At this point it is a figure many multiples of the figure given in Minyip. However, we are confident it is the right thing to do. It marshals new communities and we take on the best possible partner who can deliver those customers. It seems to me that that concept is a very good concept and aligned to what we do as a niche community bank marketer.

CHAIR—Can you expand on the services that are going to be provided? There is obviously going to be basic transactions—deposits and withdrawals—and you will provide cheques.

Mr Hunt—There will be full banking services.

CHAIR—In terms of the benefit for Bendigo Bank, how is that shared between the branch and the bank? How far can you explain that to us?

Mr Hunt—Clearly, there are some commercial sensitivities in this.

CHAIR—Yes, we appreciate that.

Mr Hunt—The model is very much balanced on what I call balancing return for responsibility. It is for communities to judge whether that is a fair one, and I put that it is. But it is in fact not a model that is just reliant on transaction fees and/or commission payments; it is a sharing of the margin and a sharing of all revenue generated through that shop. I use the term ‘shop’ because ‘branch’ is seen as one particular style. It is a shop that might develop into a branch that might develop into a much larger finance centre. Every bit of revenue generated by that shop is in fact shared between the bank, the provider, and the community. We provide the capital, the systems, the ongoing support and the development of the business. The community provide the physical delivery, being the shop itself and the staff who are contracted to Bendigo in relation to the privacy requirements of banking.

CHAIR—In terms of generating revenue, will the fees cover the cost of the basic transactions?

Mr Hunt—Yes. We have used exactly the same model as we have now for all of our other services,

and we have simply said we will split revenues, all of the revenue streams. Transaction service fees will be split and so too will margin revenues. The bank takes all credit risk. The bank takes all responsibility for credit assessment. What the locals do is take responsibility for the physical delivery and the marshalling and mobilising and the continued support of local communities.

CHAIR—So, in terms of the lending portfolio, you would be providing part-time staff or visiting staff to handle that?

Mr Hunt—No, we will be using a technology base to provide the basic services of home loans and consumer credit requirements but we will be providing business banking services.

CHAIR—The capital—the size of the book—that was suggested in the discussions this morning was loans and deposits of the order of \$15 million. That is what you see as the break-even if you were to look at setting up another one?

Mr Hunt—No, it can vary, Mr Chairman, depending on the services you are putting in. If you were just putting an ATM there and a visiting person, obviously the set-up would be possibly less, and so too would be the break-even. It is a straight business unit so, therefore, it depends on what the investment is at the start. However, on the sort of investment we heard this morning, that was for two branches, two fit-outs, two lots of structures that are shared. The issue could be less if it was a single branch, or it could be more if they wanted additional facilities. However, it is in the order of those sorts of numbers that would make this shop not just break-even, it would make it profitable for both the community and Bendigo.

Mr WILTON—I have heard you both here and at Minyip, and what you have said has been comprehensive. I think most of the issues have been covered. Apart from Nhill, does the bank envisage any other localities that you are able to divulge in setting up a community bank of this type?

Mr Hunt—I am not authorised to say that, but we have actually been contacted by 80 different townships.

CHAIR—All in Victoria?

Mr Hunt—Not all in Victoria. There is interest from other providers now who might see this as an opportunity to market too, but we have not explored that at all because we have said the first thing we are concentrating on is getting our commitment to the pilot structure in townships first, and then we will look at ways to add additional volumes through that shop for the benefit of the community and the Bendigo Bank.

In essence, we have furthered discussions with a couple of towns to the extent that further business plans will be undertaken shortly. We are insisting that there is a very clear understanding about what the community is taking on and that the proper business plans are done and that proper surveys quantify the information and that there are commitments from the community so that the best information can be given so that the business will be viable and how quickly it will be viable. When it is viable, then, of course, investments start to be made or dividends start to be paid to the initial investors and the community. That will be decided at a local level. The local board of trustees, for the want of a better term, will actually decide

how best to invest that for the betterment of the business and the community.

Mr WILTON—When you say that the community is responsible for paying the ongoing running costs of the branch, what is listed under that heading of running costs?

Mr Hunt—It is the physical costs of the branch being the rent, lighting and staff. The benefit is, though, that as soon as that branch opens and commitments are fulfilled, there should be sufficient revenue to have sustained three or 2½ or whatever the number is of staff that will be supporting that branch. It is the start of a turnaround process from what has been occurring in the past.

Mr WILLIS—If I can just follow-up a little on Mr Wilton's and the chairman's questions and try to suss out just exactly how this concept would work. I say, firstly, I think it is a very innovative idea and if it does come off it will be a terrific development. But it does seem to me as though there is a lot being put on the community and not very much risk being born by Bendigo Bank. The risk is all with the local community. For instance, the community has to find the premises, purchase the branch fittings and system, provide the working capital and pay all the staff costs.

Bendigo Bank seems to basically provide its name, links to the structure and the expertise, training and perhaps the actual staff, but the payment for them is with the local entity. It does not seem to me that, if the thing goes bad, Bendigo Bank has lost an awful lot, but the community will have lost all of its capital subscribed—and Bendigo Bank has shares in the profits. I just wonder whether that model, which seems to put most of the costs on the community rather than on Bendigo Bank, is going to be viable. I say that in the context of this morning, when we were told by representatives from other towns that they were very concerned about this whole issue because they saw the Bendigo Bank model as being too expensive for them.

Mr Hunt—I am surprised that they would say that, not having done any business study, because the issue really is—

Mr WILLIS—Their initial position was that they saw it that way.

Mr Hunt—But I dispute the issue that Bendigo does not have substantial risk in this and cost risk. Already, many multiples of the figure that we are talking about have expended in terms of the structural elements, because of our commitment to regional and rural banking. Many multiples of those numbers have already been expended to get where we are today. The bank provides ongoing support of the technology. It provides all of the transaction processing, all of the statementing, all of the actual ongoing costs of banking beyond what is at the physical presence, the capital, the credit risk.

In our view, we have mirrored our proposal on what is happening in reality in our business. What is happening in reality is that a very large proportion of the costs are fixed in the provision of banking services and are very deliberately supporting individual customers. In our view, if the physical delivery is owned by the community, then there is a greater degree of chance that they will continue to support it. It is more a motivational aspect to ensure that that support is maintained and that they are much more aware that capital can be better managed in their community. We think that that is the partnership.

I dispute the issue about the balance of risk and reward. I think the balance of risk and reward is a very fair one. My board might not apply a figure of just cost recovery plus a very small franchise fee if it did not believe in the prospects of this business. I can tell you that the actual franchise fee, the licence fee for the use of the bank, is under \$50,000. That is despite everything we have invested, many multiples of that number we heard this morning. That is the number. The rest is physical activity, equipment and/or training and direct support to the set-up stage. Beyond the set-up, it is just another business in the town that has been established. Every business in town that we establish has some cost. It is whether research shows that there is a good return, and that is what we are making sure communities do, because just like they do not want these businesses to fail, we do not want these businesses to fail. We want them to be able to sustain themselves in the short and in the longer term.

What we are committed to doing is building the bridge between now, today's basic banking service requirements, and future of electronic commerce. We will partner them to help them manage that transition and that obviously could have the potential of reducing their costs. But rather than being done to them, we will be working with them.

Mr WILLIS—We wish you well in that. We know you are not here as an altruistic organisation—you are here to run a business. No-one is denying your right to do that. But if the onus on the local community is too high, then the number of these that get up is not going to be perhaps as great as would otherwise be the case, and it would seem to me to be a problem if already communities are saying they have looked at your structure and they see it as being too expensive for them, particularly in the smaller towns. You need to have a larger base there to make an economic goer. That was the point that was made. It is the smaller towns that are more likely to lose their banking facilities so I wonder in those circumstances whether this, the way it is currently structured, is a proposal that can actually work on a substantial scale?

Mr Hunt—My view is that it can. I think they are under-estimating their own economic capacity for a start. Secondly, they know little about it and perhaps they lack some leadership in terms of really analysing some of these aspects. What I am saying is that it does not have to be 200 or 100; it could be whatever can be economically afforded. We are not in the business of opening branches that are going to fail for them and for us. It is what the economics say and what the community will say. Add those up and we build a shop that suits. The shop that is being built that you have just seen today emanates from community support and their ability to make that operation viable.

It might have been a lesser operation. It might have been an on-line agency. It could have been a small franchise agency. It might have been some other structure—electronic delivery. What we are saying is we have a completely open mind. The community bank model is a fully blown, full service banking operation. As long as the economics stack up then I am happy to give myself and the community certainty that we have full banking services now and then work through the changes that occur in the future.

Mr WILLIS—Just one other quick question: what is the benefit to the community do you think from this model against say the Bank SA model of providing agencies which will carry out about 85 per cent of normal banking activity, obviously in some other commercial premises in the town? What is the benefit of having this instead of that kind of structure which does not put the community up for any big bucks?

Mr Hunt—Firstly, I would applaud anybody and all people who are trying to provide solutions. The difference in this solution in my view is the community are actively participating not passively participating; they are actively involved in the development of financial services; and they potentially will be actively involved in better managing their capital. The difference is that with any other service they are subservient to some other supplier who says when it will and will not be switched on and off.

CHAIR—Mr Hunt, I just briefly wanted to expand on one other area that I find very interesting and that is the business of the capital drain which is happening, not just because of loss of these facilities, as we discussed this morning, but with things like compulsory superannuation levies and so on being collected mainly in capital cities. Very briefly, what ideas do you have coming from this development that will help to stop that drain?

Mr Hunt—They are aligned in terms of there being some financial handling that has to take place in those transactions. However, they are different in that what we are looking for is that there is no efficient mechanism. There are examples of this where money is being returned to agri-business and other structures. But the real issue is, is there a more efficient, more available way that that could occur? I guess we are working on a technology based investment framework and we are working with ASC and others on the prospect of providing an Internet frame, low infrastructure service that can be delivered to a wide variety of people.

For example, it would be good if the people in this district could actually put up some viable businesses that require additional capital, not debt—and I see many, many proposals where the debt equity ratio is a problem, not the prospects of the business—if we could provide a framework where investors could invest in local business and be protected by a regulatory framework and, equally, if other people from outside the region could invest locally. Superannuation is one of the objectives there to convince them that we are the food belt, we are viable and vibrant groups of people and we are innovative. If we can convince them, some of that money might be brought back through that structure to be effectively used in regional centres. It is at the early stages, although we have been working on it for 12 to 18 months.

The fact is we are now progressing towards an equity matching framework within the next several months and it will be aimed at the small, small business not perhaps the businesses that are ready to move to the ASX framework. That is how I see it. It is no good asking these frameworks like superannuation and collective investments to invest locally if it is difficult to do. What we are trying to do is to provide an efficient mechanism, a meeting place, for vibrant regional and rural businesses with investors who want to invest into that particular sector.

That is what we are trying to do. Where does this shop play a part? This shop is, in fact, the efficient deliverer of those services to the communities that either are handling the local investment or are handling investment into the local community. There is an efficient way that something could be left in the town for the financial handling of those transactions as well; in other words, the clearing of settlement and the things that have to actually physically take place.

CHAIR—Thank you. Unfortunately, our time is running away again. On behalf of the committee, I wish you well with that aspect of what you are developing and, hopefully, the committee may be able to

revisit this in another form some time to see how that is developing. I think it is such an important issue for regional areas. Again, I thank you very much indeed for giving us such a comprehensive submission and also for coming here today and giving your time to explain this. I can assure you that we really do appreciate it. Before calling the next witnesses, I would like to thank the member for Mallee, Mr John Forrest, for his involvement here today. I am glad to see that you have found a little bit of time to spend with the committee.

Mr Forrest—Could I welcome the committee to my part of the world. I have had a forum of my own in the building going all morning. Lots of people who have been here have already been at my forum.

[3.37 p.m.]

CLEMENTS, Mrs Catherine Eileen, Committee Member, Donald 2000 Committee, Box 200, Donald, Victoria 3480

McCONVILLE, Mr John Anthony, Committee Member, Donald 2000 Committee, Box 200, Donald, Victoria 3480

VALLANCE, Mr Peter Roderick, Committee Member, Donald 2000 Committee, PO Box 200, Donald, Victoria 3480

VOGEL, Mrs Kerry Anne, Chairperson, Donald 2000 Committee, PO Box 200, Donald, Victoria 3480

CHAIR—Welcome. I remind you that the evidence you give at the hearing today is considered to be part of the proceedings of the parliament. Accordingly, I would advise you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. The committee has received your submission No. 67 and it has been authorised for publication. Are there any corrections or amendments you would like to make to that submission?

Mrs Vogel—No, not at this time.

CHAIR—Would you like to make a brief opening statement before I invite members to proceed with questions?

Mr McConville—It is obvious that you know all the problems, shortfalls and pitfalls of what is happening in rural Victoria. Some of the things that we have outlined in our submission are in relation to how banking fees are being imposed on the community. Once small banks have been closed there are fees such as for transferring from one bank to another. You are already aware of the capital drain from small areas once banks do close. We would like to suggest that maybe the government could look at banking fees in relation to this. Perhaps they could be pruned or even foregone to some measure.

We are one of the communities that are looking to go into a Bendigo Bank community bank concept. We believe that this is an excellent opportunity for small communities to receive 50 per cent of the profit, which we now do not get from larger banking systems. It was put to Bendigo Bank that the expense could be seen as a big hurdle for small communities. We would be here to ask: what option do we have at the moment? That is obviously why the inquiry is on. We feel that if we raise the money that is talked about by Bendigo Bank that it might be a minute investment for a community when we are talking about just the basic things of being a sustainable community, or even a viable community in the future.

As you have seen, and I am sure you are well aware of, it is not only just banking, it is larger businesses and things that are pulling out of smaller communities. If we can reverse that trend we will have some jobs created. Our economic growth in turn generates a financial monetary investment in and impact on communities, and this in turn makes small communities more viable, vibrant and sustainable. We believe that if we can share in 50 per cent of some of the money which we have never seen before, this money can be

invested back into the communities, thus creating small business and, as we know, small business employs a fair percentage of people throughout Australia.

I am sure you are probably not aware that we in Donald have had a couple of reports done on us, including the Rob Bartliss report. It was quoted in there that Donald was an area that could be looked upon to be followed by example for our business growth, individual growth in the Donald area, and community growth. What we are about is maintaining this growth and, as we are losing our banking systems, we can see that we are losing some of our viability so we have decided to take this next step to make sure that we can reverse that trend. Thank you.

CHAIR—Thank you very much for that, Mr McConville. You are starting to look forward a bit in here; it is something new from what you have in your submission. But could we just go back to your campaign with the ANZ and how confident you are for a long-term commitment, either with the ANZ or with the National? Have you had any assurances on that?

Mr McConville—No, we have not had any assurances at all. We are not very confident that the ANZ, National or the Commonwealth, which are the three banks we have in Donald at the moment, are in there for the long haul. We are fairly sure, as everyone else is, maybe, looking at rural areas, that the banks will leave country areas. That is why we are taking this next step.

CHAIR—Okay. In your opening remarks you made some mention of banking fees. What exactly are the fees you were referring to?

Mr McConville—What we are referring to is fees probably imposed by banks. If I was transferring an account from the National into another bank because the National left town, they impose a fee for me to close that account to transfer money, as does the new bank when you are opening new accounts. We were wondering whether any of those fees could be looked at and maybe deducted or even slashed to a degree that would make it more viable for small communities to do such transactions.

CHAIR—Have you spoken to any of the banks about that matter?

Mr McConville—We have not consulted any banks at the moment, basically because we are going into the Bendigo Bank system at this stage. If we find that this concept is viable, that will be our next step.

CHAIR—Are you concerned, by stating your interest in the Bendigo Bank concept, that you are likely to hasten the demise of the other branches?

Mr McConville—That is always a concern. Our major concern is we are looking after job growth in town. We do not want to see a mass exodus from small communities, as do most small communities, and we are very aware that we could pre-empt some of the larger banks leaving town.

On that subject we probably feel that if, for example, the ANZ does leave town within the next six months—and we have two local girls that are involved in the bank at the moment—and if we could get in place another system, another banking concept like the Bendigo Bank, we have effectively bought three jobs

for the loss of two. So, steady as it may be, we have gained one more job.

Mr WILLIS—Where does that arithmetic come from?

Mr McConville—If we are looking at a Bendigo Bank concept, we are looking at a staffing of three. The ANZ only has a staffing of two at the moment.

Mr WILLIS—I see.

CHAIR—There is just one other aspect of your submission. You said, ‘EFTPOS is indeed creating unprecedented problems’. I was wondering if you could expand on that a little.

Mr Vallance—Some of the problems that we have encountered currently are EFTPOS breakdowns, which effectively means that if we are without the three banks that we currently have—and I feel sorry for some of these centres that have only got an EFTPOS station or a couple of EFTPOS stations—once you break down there is no form of cash.

For example, if an elderly person goes to an EFTPOS to draw out some money, that may be the money they need for the weekend to buy their groceries, their milk and their bread to keep them going for the weekend. If they go there and find that they cannot get that money, then there is no money for them; they are left without money. The elderly are probably the most affected by a lot of this electronic banking because they tend not to turn around and go to their neighbour and say, ‘I haven’t got any money to get my bread or milk.’

The other downside for EFTPOS currently is that the businesses that actually have EFTPOS and run EFTPOS for these banks are paying for it. These banks pull out of the various areas, and these businesses get an increase in their transactions and they also get an increase in their costs. They are paying through the neck for doing the job that the banks should be doing within the communities.

CHAIR—How often do you have these breakdowns?

Mr Vallance—In the last three months I know of about three that we have had. It is due, generally, to the communication lines or the actual infrastructure on either end of them.

Mr WILTON—It has obviously been a remarkable effort on behalf of the Donald community to get the ANZ Bank to stay. Are local residents as keen to embrace new technology as they were to commit themselves to organising a campaign? Secondly, what fall-back position do you have in case the bank does decide to pull the plug, given that it is, in the overall scheme of things, a fairly small community to be able to retain a bank indefinitely?

Mr Vallance—It is one of the things we have had to look at. The reason, also, why we are looking at the Bendigo Bank currently is that if those three large banks pull out of our town, for instance, and we have not got anything in train at that point in time, we are going to lose a large amount of money. It is another drain of money out of the community because they will have to drive to places about an hour away—places

like Horsham, Warracknabeal, and some of the major stuff to Ballarat or Bendigo. When people drive there to do their banking, they do their shopping; therefore, suddenly your economic cake starts to shrink because all of that money is going out of your town.

If it took us six months to get another bank into the town after that, all of that money has gone. Lots of those people would have set patterns with their banking, and a fair percentage of them would be unlikely to return to banking within their community. We need to have those things in place right at the start so that we ensure that we can keep our economic cake at the size that it is and give it an opportunity to be able to expand.

Mr WILTON—To what extent was the Finance Sector Union involved in the campaign?

Mr McConville—The Finance Sector Union were the people that alerted us that the ANZ was attempting a downgrade or a closure initially. They assisted us in the campaign all the way through. Obviously, they have got access to media releases and electronic gadgetry that we did not have. They were able to rally the media far more readily than we could, and that assistance was invaluable. I do not know whether anyone saw the television programs, but we also did radio releases and newspaper releases. We have had Australia-wide recognition from this.

Reverting to your previous question, we have no confidence that the ANZ will stay around; they did not give us any assurance that they would stay. If we did put together a similar campaign for the National Bank, the ANZ, the Commonwealth, obviously it has lost its effect and it will never happen again. This has been our best shot and that is it.

Mr WILLIS—In going ahead with discussions with the Bendigo Bank, are you actually going ahead with the idea of putting that in place whilst the other three banks are there or are you going to keep it in reserve in case they go?

Mr McConville—No. I do not know whether you feel we are being pro-active, but that is the way that the community sees it at the moment: that we would put this in place, fairly sure in the back of our minds that the larger banks will pull out of the area, so that when we have this in place, as Peter has said, we have somewhere for the community to do their banking.

Mr WILLIS—The economics of the Bendigo Bank-Community Bank arrangement, though, will depend very substantially on a lot of the community transferring their business to that bank from the existing three banks, which is obviously going to accelerate their tendency to leave town.

Mr McConville—Yes. It is a very fine line that we are walking. We appreciate the problem that we have in front of us, but we do feel that they are going to leave. If we keep that in the back of our mind, it makes it a bit more receivable by most, I presume.

The thing that really appeals to the community at the moment, though, is having a banking service in place that does provide us with 50 per cent of the profit. We are talking profits; we are not looking at this negatively. I keep referring to that 50 per cent that we can invest in our communities. When I say 'invest', I

mean that we may be able to attract small businesses to our area. Small business, as you know, generates economic growth and jobs, and makes our community far stronger. That is 50 per cent we have never ever had before with the larger banks. It is money that has just gone out of our community, never to be seen again.

Mr WILLIS—I think we all understand that point. Do you feel confident that the community will fully support this bank, and that you can easily subscribe the required capital and perhaps meet any problems that might develop in the early stages in trying to get a profitable level of business?

Mr McConville—We all have apprehensions. Donald is fairly renowned as a community that will get behind each other. We had 110 people at a community meeting, and 99 per cent of those people voted for a community bank. If that is indicative of the community as a whole, we have a 99 per cent assurance that it will work.

Mr WILLIS—It is easy to put your hand up, but it is harder to put your money up.

Mr McConville—That is true.

Mr WILLIS—That is the acid test.

Mr McConville—We already have money pouring in now. We would like it to come in a lot more quickly, of course, but I am sure that we will raise the money. We have indicated as a community that we will put our money where our mouth is. You may not be aware, but the Donald hospital has raised \$1.75 million as a straight donation to make the hospital viable. We have raised money for our airport. We have raised money for various community things. If they are prepared to do that as a straight donation, surely they are willing to put the money in as a shareholder—and shareholding is what we are looking at—in the Bendigo Bank. It is a share in the community. This is where the people want to live, and so, if they are willing to live there, they are willing to pay for it.

Mr WILLIS—Are you happy with the proposed share of responsibilities between the community and Bendigo Bank in establishing this community bank?

Mr McConville—Obviously we would like 100 per cent of the profit, but that is not an option. That is why all you good people are here now, to find an option. We feel that this is the best option we have at this stage for rural Victoria. We have raised different ideas as far as a total community bank goes. It was brought up by Mr Rob Hunt that in America they have community banks. Maybe that is an option that we could pursue. But, not knowing the fees of banking licences and the set-up fees and costs of those, we are totally in the dark with that. So we will tie our horse to this cart, I think.

Mr WILLIS—Good luck.

Mr McConville—Thank you.

CHAIR—Pursuing the matter of the general community attitude, I can remember hearing Peter

Kenyon quoting Donald some years ago as being a community that really gets out there and has a go and pulls together completely. With this Australia-wide recognition of what you did in saving one bank branch, what has been the actual response within Donald, in terms of either new businesses coming or old businesses expanding, and the general community progress from that effort in that example?

Mr McConville—It is probably hard to gauge, because Donald has always been, as far as economic growth goes, sustainable. We have an industrial estate, for example, which most small communities have. It started 11 years ago. We now have 22 businesses on that industrial estate. So it is an indication that we are growing. The community is willing once again to put their money where their mouth is. An idea that the community has is that, if they see a business that they need, they will go out and try to attract that.

An example of that is at the fibreglass factory in Donald. Several investors from Donald put in \$5,000 each, bought the company and set it up; and it is now a viable industry. We also have Kooka's Country Cookies. Obviously, that company is making biscuits. It employs 12 people full-time and up to 18 people part-time. They send biscuits all over Australia. That company is in the amenities block of our former meatworks. I suppose that I am not really a local, but our business was the first on the estate, and we started that 11 years ago. That was something that grew from nothing. If you look along the estate, the others are all very similar. So, to answer your question, the locals are more than willing to generate their own growth.

CHAIR—Getting back to the publicity you had over saving that bank branch, obviously it has been terrific PR for Donald, but what about in terms of either tourism or attracting new residents?

Mrs Vogel—It has built the community spirit up. The town is even more closely knit now than it was before. They are determined that we do not have any choice in our banking and that the banks will close. We have basically been told that. We are not silly. We have to do something. As for people coming into the town, we have done some promotions on tradespeople that we need. We had at least 30 or 40 applications for tradespeople to come to Donald to live, to actually relocate. We have more buses coming into town with people wanting to see Donald and to talk to the Donald people and find out where that community spirit comes from.

We were inundated with phone calls from businesses and individuals from all over Australia, when we actually went to air on *Bush Telegraph* and the Channel 7 news and things like that, begging us basically to keep going. This is what Australian people do. They stick together and they fight for something that is just. The number was unbelievable of people that rang us up and said: 'You are doing a fantastic job; keep it up; don't give up.' We have had business people and tourism. It is slow, of course, which it always will be, but it is building all the time.

CHAIR—One of the major problems facing most regional centres, particularly the smaller regional centres, right across Australia is the loss of young people. They leave school and go away to tertiary study and then they may not come back for 20 years or more. Are you experiencing the same thing, or have you arrested that, to some extent?

Mrs Vogel—We are working on that at the moment, but it is the same in every small town. There is not a lot to keep the young kids there. A lot of them do not believe in farming as being a viable life.

Mr McConville—As you are well aware, if you have small business or economic growth in an area, you have jobs for the youth of the town. I myself employ four apprentices, and the bloke next door employs three or four apprentices. That is just in two businesses. If we can have economic growth, we will have our young or youth, our future, employed in town, and that is probably the concept we are pursuing now: having some say in our direction.

Mrs Vogel—In the past couple of years, we have employed a lot more youth in Donald than we ever did before. Perhaps that is because of the group training company that has actually come into town and set up a business there, looking after the apprentices and trainees for the small businesses that are around the district. I would say I have about 50 or 60 young apprentices in my area, which is a big difference from when I first started two years ago, when there would have been about 20.

CHAIR—That is very good.

Mrs Vogel—We are bringing them in from out of town. The kids from Donald may be leaving—not all of them—but we are bringing a lot in that want to live and work in the country, as well.

CHAIR—That is very good. Thank you very much for that. I think the committee is very impressed with your story and with the ongoing enthusiasm with which you pursue the growth of Donald.

Mrs Vogel—There is one idea that I would like to slip in before we go.

CHAIR—Yes, please do.

Mrs Vogel—A lot of rural towns really do not know what direction to go in. Their banks are closing down, and they are not prepared or not ready for the new technology that is coming along. A lot of the people in the rural towns are older people that do not understand it and cannot cope with it. This is just an idea, but I wonder if the government may be able to help these rural towns by providing some information and direction to the communities on how to go about the next step, maybe. We do not have any information on banking, and we do not know where to go—

Mr WILLIS—Electronic banking, do you mean?

Mrs Vogel—Any sort of banking—whether it be the Bendigo Bank coming in and telling us their side, which all sounds terrific at the moment, or the government sending out to communities some information and options available and directions to take.

CHAIR—That is something the committee will certainly take on board. We have been very conscious of the education aspects of this inquiry, and that point reinforces it. I thank you all again very much for coming before the committee.

[4.02 p.m.]

ARGALL, Mr Darryl Lawrence, Mayor, Hindmarsh Shire Council, PO Box 250, Nhill, Victoria 3418

McLEAN, Mr Stuart John, Mayor, Buloke Shire Council, PO Box 1, Wycheproof, Victoria 3527

OVERINGTON, Mr Peter John, Chief Executive Officer, Buloke Shire Council, PO Box 1, Wycheproof, Victoria 3527

PETERING, Mr Stewart, Councillor, Shire of Yarriambiack, Warracknabeal, Victoria 3393

WIGNALL, Mr Peter Leonard, Chief Executive Officer, Hindmarsh Shire Council, Nelson Street, Nhill, Victoria 3418

CHAIR—I welcome representatives from the shires of Hindmarsh, Yarriambiack and Buloke to today's public hearing. I remind you that the evidence you give at the public hearing today is considered to be part of the proceedings of parliament. Accordingly, any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. The committee has not received a formal submission from you, but is there any material you would like to table?

Mr Petering—There is, actually. I have written out some notes. I would like to leave a little booklet on the Wimmera economic perspective from the Wimmera Catchment Authority, which does give some idea of just how this area is running. It does not include the shire of Buloke, but the fact is that West Wimmera is in here, and Buloke would certainly cover the West Wimmera side of it—probably more so, as far as production figures go.

CHAIR—I know a bit about West Wimmera. We will table the document on economic perspective. Is it the wish of the committee that the document headed 'Yarriambiack Shire Council: Federal enquiry into banking services, Wednesday 29 April 1998 at Warracknabeal' be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

CHAIR—Would anyone like to make a brief opening statement before we move to questions?

Mr Petering—On behalf of the Council of Yarriambiack, we welcome you here to Warracknabeal. It is good to see you coming out into the country, and we are pleased to have the opportunity of appearing before you.

CHAIR—Do you wish to make any comments about these notes?

Mr Petering—Yes. You have come to an area which is a very viable and strong agricultural area. We are basically a cropping community, and the three shires are pretty similar in that regard. There have been tremendous changes in farming practices in the past few years, with a lot of different technology and different farming practices. I believe at the moment that farming in this area for a young person is quite exciting, with the opportunities that are presenting themselves for production.

Marketing is still one of our biggest problems, but the production and wealth generated in the area are quite enormous, and I believe that we should be able to keep some of the wealth here and generate some initiatives with businesses and that type of thing by using some of our own money. At the moment, with the big banks leaving, they are not making it easy for small businesses to borrow money. From what people tell me, it tends to be very difficult, and we believe that a lot of work needs to be done in those areas.

CHAIR—Thank you. Does anyone else want to make any comments?

Mr McLean—I would briefly point out, on behalf of Buloke Shire, in backing up what Stuart has already mentioned, that we are also basically an agricultural area that is vitally involved with five major towns with 8,000 people. The last submission you heard was from some people from Donald, which is part of our shire. We also have Wycheproof, Sellick, Birchip and Charlton, which are all similar sized towns, facing the same issues with banking that most towns are facing. History is certainly showing across our shire that the bank closures are happening—or, as they may call it, rationalisation. It has happened in all of those towns, and we can perhaps address some of the other issues when we come back.

CHAIR—Thank you. I will start by asking a question. Obviously we have heard quite a bit about what is being proposed in Minyip and Rupanyup and, of course, Donald. To what extent has local government been directly involved in some of these discussions?

Mr Overington—If I could take that up from the Buloke Council point of view, local government involvement has been in the form of discussing, at the highest possible levels within the banks, the reasons for the closures and reduction of services that we have experienced in the past couple of months. We approached particularly the ANZ Bank—if I am allowed to mention the banks—and tried to determine why exactly it was that they had decided to reduce hours in the banks in a couple of our towns and to close a branch in one of our towns.

The responses that we got from there were—as you heard from the Donald 2000 group, which put it rather well—not encouraging. However, they did identify in the discussion within the ANZ bank that really the future for towns such as Buloke to have a bank means that you need to be able to say, ‘This bank has

basically the monopoly in the town.' That was what was put to us by the ANZ Bank. So, yes, we have been involved in discussions with levels as high as we possibly can go.

CHAIR—And in that sort of discussion, if they requested that, what were they prepared to guarantee in return?

Mr Overington—They were saying that that is probably the future for rural banking in towns of this size.

CHAIR—But if you had said—in this case, to the ANZ—‘Look, we will swing the council account across and probably a lot of the other businesses’, what guarantee were they prepared to give you on maintaining a service?

Mr Overington—There was no ironclad guarantee. It was a matter of that being the future that this person saw as the only possible way that a lot of these smaller towns would have a bank. We did talk about sharing arrangements with council, from the point of view that we have offices in various towns and that there was a possibility that we could cover the lunchtime staffing requirements with council staff, or even provide council premises and so on. We broached all of those sorts of things. They ran into individual problems within the bank itself: basically union problems, because there is a requirement that there have to be at least two people in a bank.

We tried a lot of things but in the end the response from the person was, if you could divide up the marketplace, so to speak, so that there is a guarantee that one bank would have the market here, then it is about the best chance you would have of retaining our banks.

Mr Petering—Could I just say that, with the Yarriambiack Shire, contact was first made through the shire with the Bendigo Bank and then taken to the communities through the shire. The shire have been very supportive and did make a contribution toward doing the business plan for the community.

Mr Argall—The Hindmarsh shire has four towns and three of them have been affected with bank closures or reduced services in Rainbow, Jeparit and Dimboola. Nhill at this stage have still got three major banks operating in their own right, but it was the Nhill community that saw the need to go further with this Bendigo Bank franchise proposal and they actually went through to the stage where they have done a full business study. They raised \$20,000 to do the business study. I have not actually seen it but my understanding is that it is a little bit ‘perhaps’ because some of the people are concerned at what Mr Willis was talking about.

What they were concerned about was the perception that they may be shutting one of the banks down. Their perception—and it is not a perception of what has happened in the other banks—relates to the people and when they go away. For instance, the Jeparit branch is managed from Warracknabeal. The people go from Jeparit to Warracknabeal to do their banking service and they do a lot of their other shopping and business in Warracknabeal. That has taken the business out of us. You only have to drive down the main street of Jeparit and see the empty shops to realise what does happen.

The Nhill community could see the writing on the wall. They have been pro-active. They have actually done the study and I would suggest that maybe it will stay on hold until such time that one of the three banks makes a decision whether or not to stay. It is all 'perhaps' as to whether or not they will stay. You cannot get a written guarantee out of them that they are going to stay.

Mr WILLIS—You are taking a different approach from the Donald 2000 Committee, which is being pro-active to the point of saying, 'We are going to establish this bank while the three banks are here'. You are saying, 'We will hold the option in reserve?'

Mr Argall—I think that is probably right. I think we are probably at a more advanced stage than Donald because we have actually done the feasibility study and we have all the information. I personally have not. To answer your question about how much involvement local government had had, I had a fair bit of involvement after being approached by local senior business people who had heard about this Bendigo Bank initiative. I organised a couple of public meetings for them, but then took a step right back. It is just a Nhill community committee, which council does deal with. The community have taken up the running of that. It is actually driven by the community themselves, which is fairly important.

Mr WILTON—What has been the reason that Nhill has been pro-active and Jeparit has capitulated? What is inherently different about those two seemingly similar towns to have one get off its butt and do something and to have others just sort of fall in a heap?

Mr Argall—Population is one thing. Jeparit is 450 people and Nhill is 2,000. This idea was floated—and more than floated. We had two public meetings in Dimboola but Dimboola geographically is 22 miles—and excuse my mileage terms rather than kilometres—from Horsham and Nhill is 50 miles away from Horsham. It is just that extra distance. It is a known fact that Dimboola uses Horsham a lot more just because of the geographic location, even though they are still in the same shire.

There has been another very good initiative in the Jeparit and Rainbow area—and I wonder about it. They were threatened with the loss of their chemist. They were actually going to lose that and, if they lost that, they would never get a chemist back because 3,500 people are needed before you can get a chemist licence. That chemist had been in the town for 40 years. He just wanted to retire. He wanted to enjoy the money that he had made. They eventually talked a woman into taking over, providing they could buy the building next door so that the drugs could be locked up separately and the business could operate without the chemist actually being there. Within four days they raised \$25,000.

I question the ability of country people. With all their resilience and their capabilities of being able to do that time and time again—to save the chemist, the doctor, the bank or whatever it may be—there is a limit to what they can do. That is the sort of thing, the spirit, that is there.

Mr WILTON—Would both towns that I have just cited—Jeparit and Nhill—have chemists?

Mr Argall—Nhill has a chemist and Jeparit shares Rainbow's chemist. The chemist works out of Rainbow but does a daily prescription service to Jeparit.

Mr WILTON—One submission that has been put to the committee has been from the Pharmacy Guild which proposed the development of an Intranet service whereby a room would be set aside within a pharmacy where banking could be done and cash could be deposited. There would be a float maintained on the premises, given appropriate security arrangements. That would be taken up by rural people because of the notion of trust that they have with the pharmacist, in a similar way that they had a trust relationship with the bank. Is that something that your community would see as being a potential and viable option, that there be some banking facility of a sit-down nature within a pharmacy?

Mr Argall—I would doubt it very much. The only stable population we have is the aged and they are getting older. The young ones are declining. It is the 50s and over who are very hesitant to use the new electronic systems. I am not quite to 50 yet, but I am very hesitant to start pushing buttons to do my banking accounting. The question of security comes into it, too, with EFTPOS and that sort of thing.

In Jeparit, I know the local supermarket has basically taken over the controls of the banking services and he is not getting paid for that. If he does not put in that service, then basically they will not use him. They will use Warracknabeal because they have got it. It is this competition that is there and, while competition is fine, out here where the population is not so great, it becomes damn difficult to compete with somebody that you should actually be working with.

Mr WILTON—Do any of you see any reasons why your communities might not ultimately take up the Bendigo Bank community based franchise scenario? Is that something that is attractive to your communities?

Mr Argall—In Nhill's case, they are very serious about it. As I said, they have done a business study. In Dimboola on the other hand, we had two public meetings and could not get the public interest, so they decided that they were basically going to cop what comes. Because of their geographic location to Horsham, it is just a lot easier for them to get to Horsham and they believe the services will stay in Horsham. If they do not, God help us all!

Mr McLean—Just to follow up for Buloke on the town issue and the pharmacy idea, I do not think it would be an accepted thing across the Buloke Shire because not all towns have full-time chemists. Apart from that, they possibly could also be seen to be under some future threat of whether or not they are there, similar to a bank. I would assume that probably would not be a well accepted practice.

On the Bendigo Bank issue, you certainly know Donald's position. I know one of the other towns is currently having minor negotiations with Bendigo to find out how it all works. Apart from that, from a shire perspective point of view, it is the last case scenario really. We want to see trading banks remain in our shire and in our towns. Whilst the community bank idea is an alternative and it is certainly an initiative, I would certainly rather see trading banks operating in the towns as they have been.

CHAIR—Could I ask you about the facilities through GiroPost. Which towns have those facilities in your shires?

Mr McLean—I would imagine all the major towns in our shire would have them, except the small

towns. At Wycheproof, for example, I know there is only now a part-time ANZ branch. The Commonwealth branch that was there has closed. At the same time that the rationalisation was on, the ANZ was reduced. Certainly, the post office has picked up a lot of that trade but they also have problems. They are linked to the Commonwealth Bank at Charlton and they have become the de facto bank for a lot of people. They are having a lot of problems with cash, in having it there and being able to distribute it.

The other problem at the post office is that there is always a long queue out the door. For most of the time people cannot do their post office business because there is a queue to get to the bank terminal. It has created some problems in Wycheproof. Other towns still have one or two banks that probably take the pressure off GiroPost, but it certainly is used.

Mr WILLIS—Where a bank leaves a town, what is your understanding of what happens? Do you think people tend to follow that bank to wherever its nearest branch is, or do they tend to go to other banks that remain in the town, if there are any in the town?

Mr McLean—I have lived in the Mallee, which is way up in the northern part of our shire, for many years and I banked at a little place called Berriwillock which had a CBA bank at that stage. They were operating out of a branch at Culgoa that eventually was downsized to an agency. I moved from there. We were told we had to go to Swan Hill but I elected to go to the nearest branch to me which was at Charlton. It then closed so I rang the regional manager to find out which branch was to be the next one to close but he would not tell me. I asked him where to bank and he told me, 'I suggest you go to that one', so I moved to Birchip and the bank closed three months later, the same bank, Westpac. Some people do follow the banks but a lot of people do not. It certainly has a very dampening effect on the town when a bank closes.

Mr WILLIS—The banks tell us that about 90 per cent of their customers stick, which I must say is a surprisingly high number. You would think if it is so inconvenient for people that they would tend to transfer. Since the banks left them, they should not feel too worried about leaving the bank, it seems to me. If the bank is right then there is a lot of customer loyalty there which means that they do tend to move even though it is very inconvenient.

Mr McLean—That is true, but I think their patience is starting to wear fairly thin.

Mr Petering—We have had that experience in Minyip. Four years ago we had three banks. Westpac was the first to close, and some people shifted to the Commonwealth Bank. It was the State Bank but it became the Commonwealth Bank. That closed and people shifted to the ANZ, and then the ANZ closed. The people were loyal to the town rather than to the bank. What you are saying is that a lot of people did stick to the banks. For some reason people do not often shift banks. I think the big banks are now making it easier to shift because loyalty has really gone, just from my experience in Minyip. They have forgotten us and are not interested in us.

Mr WILLIS—A recent poll showed that only 35 per cent of bank customers were satisfied with their service. You would think that customer loyalty would seem to be disappearing in light of restructuring events.

In looking at the alternatives, the chairman has mentioned Australia Post. If Australia Post was able to

do customer business banking, would that make it a more viable alternative than it currently is, given that you already have queues out the door? That seems to be a major problem with Australia Post, providing a backup service at the moment and not being able to do business banking.

Mr Petering—It certainly has been affecting businesses at Minyip. People started off doing some business and then they were told that they could not go on doing that. The businesses that have been talking to me are supportive of the Bendigo Bank starting.

Mr WILLIS—Looking at the case of Nhill where there was a feasibility study undertaken about the Bendigo Bank proposal, did that include looking at all of the other alternatives, or did it just include a study of the Bendigo Bank option per se?

Mr Argall—Basically, there was a feasibility on the Bendigo option of being a community franchise in the town. The Nhill community committee was trying to get an automatic teller machine because we are half way between Melbourne and Adelaide. We are right on the main highway. A lot of cars go right through our main street and those people do not seem to travel with cash in their pockets, they like to stick it in the wall. We did not have such a thing and for five years our town committee tried to get a hole in the wall. Within three months of discussing the Bendigo Bank option the Commonwealth Bank put a hole in the wall.

I do not know why country people have to put up with that sort of thing. I think they would be hesitant to go to a post office because post offices have become the dumping ground for all the other agencies within the community. What sort of service are you going to get out of that? It would not be a service, it would be a last ditch effort to retain some sort of thing to save you from driving.

Mr WILLIS—Just one other point. You say in your two page note to us:

Studies show that when the last bank closes each local adult spends \$320 less in their home town each month. That is nearly \$4,000 per person per year.

We were told by the shires of Southern Grampians and Moyne this morning that bankers have said that once the last bank leaves the town the leakage to the local economy is around \$100 per adult per day, which is \$36,500 a year, not \$4,000. There is a big difference there.

Mr Argall—They would make that sort of money!

Mr WILLIS—It must be a very rich shire! They said that figure came from Bendigo Bank. Where does your figure come from?

Mr Petering—It comes from Bendigo Bank.

Mr Argall—The information that was given earlier in the piece used Manangatang as an example. We were told about \$40 million worth of banking transactions went to Swan Hill. They shut the bank at Manangatang and a lot of it went to Swan Hill because there was no other convenient place to do it. That was proof that the banks do not have to be unviable to move, they just make the decision in Sydney or

Melbourne and they move. It is the bottom line that matters to the shareholders.

This is what makes it so much more difficult and why a lot of people are reacting, like the milk people have done. At least get your homework done. Have a contingency plan there in case something goes wrong. You just cannot be without a bank for six months. You lose too much and you end up with a ghost town. We are not prepared to do that.

Mr Petering—Can I just comment a little bit further on those figures. I am pretty sure that when I said they came from the Bendigo Bank, they are pretty much the same type of figures that we got from CreditCare when they talked us to us as soon as the bank closed and we tried to get a credit union into the town.

Mr WILLIS—The \$320 a month?

Mr Petering—Yes.

Mr WILLIS—There might be lots of multiplier effects.

Mr Petering—CreditCare was talking the same kind of figure.

CHAIR—We have had a pretty good run on that. Thank you all very much for coming along today. I know for some of you it is quite a long drive and we certainly appreciate it. What you have had to say will certainly be of considerable help to the committee in the work that we are doing on what we think is a very important inquiry.

[4.37 p.m.]

JOHNSON, Mr Daniel Roy, Chairman, Warracknabeal 2000 Consultative Committee, c/o Yarriambiack Shire, Warracknabeal, Victoria

MAGRATH, Mr John Robert, Member, Nhill Community Committee, c/o Hindmarsh Shire Council, Nelson Street, Nhill, Victoria 3418

MILLINGTON, Mr John Raymond, Member, Nhill Community Committee, c/o Shire of Hindmarsh, PO Box 250, Nhill, Victoria 3418

PETERING, Mr Stewart, Councillor, Shire of Yarriambiack, Warracknabeal, Victoria 3393

CHAIR—I would like to welcome representatives from the Nhill, Warracknabeal, Minyip and Rupanyup communities to today's public hearing. I remind you that the evidence you give at the public hearing today is considered to be part of the proceedings of the parliament. Accordingly, I advise you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. Is there anything you wish to add about the capacity in which you appear today?

Mr Millington—I am also specifically representing the Community Bank Subcommittee of the Nhill Community Committee.

Mr Petering—I am representing the Minyip Community Bank Committee.

CHAIR—Thank you. The committee has not received a formal submission from you, but is there any material that you would like to table?

Mr Millington—We have put together a submission which was faxed through to you.

CHAIR—Okay. Do you wish to make any brief opening statement before I invite committee members to pose questions?

Mr Millington—The submission we put forward is fairly brief. It is a summary of where we are at, it is a snapshot of our community, but it also touches on the investigation process that we went through. A lot of the discussion regarding a community bank you have already handled today in terms of the philosophy of it and we will not go down that path again.

The Mayor, Darryl Argall, has mentioned that Nhill does still have three banks: the CBA, the NAB and Westpac. We do not see a lot of future for them staying in the town. Certainly in recent times the NAB has downgraded its services: it no longer holds the loan portfolio—that has been transferred—and a junior manager has gone in in place of senior managers. So we do not see any future for them. It has been a matter of conjecture in our community for probably the last two years that Westpac will also move out.

I have a comment to make about Westpac. You asked a question in the previous session about the

loyalty of people staying. In the case of Westpac in Kaniva, in March one year—I cannot remember the year—they renegotiated the leases for the bank and the manager's residence, and on 30 June or thereabouts the manager was told to shut both of them and that people would transfer their business to Nhill. Nhill and Kaniva are about 35 to 40 minutes apart. The people of Kaniva voted with their feet: they walked across the road to the National and the CBA. I believe—I can be corrected on these figures—that only a very small percentage, around two to five per cent, transferred their business from Kaniva to Nhill.

Our community heard about this project through Wimmera 2020, a group of agribusiness people. Philip Sabien is the executive officer of that group and he will be talking about that in the next session so we will not go down that path. Suffice to say that we did have the opportunity to hear Rob Hunt address that agribusiness group and we came away from that saying that it represented what we thought was an opportunity for our community to do something for ourselves rather than sit back and wait. You have heard Donald today say exactly the same thing. They were proactive and so were we. We came in at the same time as Rupanyup and Minyip did, and we have maintained very close contact with them over the months.

We decided that we needed to have a structure in place to be able to handle it; we did not want to go ad hoc with it. We spoke to our Hindmarsh shire and sought their support initially, which we received. The mayor has today indicated that level of support. We then went back to our community committee and they agreed to be the vehicle which would investigate the process. Out of that committee, we appointed a subcommittee specifically to look at the concept. That was made up primarily of business people around town but also retired business people and some other very community dedicated people.

We held a public meeting in early December and it was very well received, certainly well represented from a cross-section of the community. Out of that meeting we agreed that we would proceed with it. The figure was similar to Donald's: there was overwhelming support for it. Eighty people agreed to put up their hand and fund the cost of it. That became known to us in our community as the 250 Club, because that is what it cost to get the thing off the ground—\$250 to fund the feasibility study. Having the funds from there, plus \$5,000 from the shire, we agreed to go to the next stage, which was essentially a feasibility study and a business plan. We appointed Bentley Enterprise Services for that—the same team that did the Rupanyup and Minyip study.

In February this year, we circulated 1,200 households, all our businesses and the clubs and associations in Nhill. Over 30 per cent replied to that, which, I am told, is an excellent response. They tell me if you get 10 or 15 you are going well, but we got 30-odd per cent. As a follow-up, there were face-to-face interviews with a cross-section of the community, but primarily with farming and non-farming businesses.

In summary, the community is certainly very supportive of the concept. We have gone ahead now and asked for the business plan to be put together; we have not signed off on that yet. The mayor's comment today about being unsure is quite correct. We need to see the business plan and we need to go back to our community—to our 250 Club, for a start, and then to the wider community—and report to them as to where we go from here. We are not in a rush because we do have existing banking. We are very interested to see how Rupanyup and Minyip are going and we are totally supportive of them, but we certainly have not got the pressure on us that those two communities have.

One interesting point I would raise is that in the body of the survey we asked people about this magic 50 per cent that we have talked about—the share back to the community—and what they would like to have it spent on. The overwhelming majority, over 70 per cent, said that it was not things like the swimming pool or to paint the band rotunda or help the schools or youth groups, it was job creation. We had a heading simply for job creation. So there is certainly a perception in rural Australia, certainly in Nhill, that job creation is critical to maintain the health and viability of the town. I believe we are poised for good things. We are waiting to sign off on the business plan and then we will go back to our community. Thank you.

CHAIR—Thank you. Does anybody else want to make a comment?

Mr Johnson—In Warracknabeal the community has been fairly well laidback in regard to the banking industry because we have not really lost anything yet. The State Bank went a few years ago, but we have still got four banks and we have a St George agency here as well. So I guess we who live here in Warracknabeal have just watched what has happened around us—with concern, of course. It just makes one wonder, with the huge profits that the banking industry is making, why they continue to close branches and have redundancies. It is just not good business sense, especially when rural Australia provides about 45 per cent of our export commodities—or they did; it might have changed a little. These redundancies, not only in the banking industry but in all the other public facilities that are being closed down, have a devastating effect on rural Australia.

My son came home from school the other day—this was the week before the school sports were on, and there are four houses that the kids are in at the secondary college—and he said, ‘Dad, would you believe that next year there are only going to be three houses.’ So after 100 years of having the population to sustain the four houses in the sporting field at the secondary college, there are going to be three next year. This is an example of what cutbacks are doing to us.

There was a garage sale on Saturday morning a week ago which I went along to. I said to the young fellow and his wife, ‘What are you two up to—you both work at the ANZ bank?’ They had both taken their redundancies and they are going on a trip around the world. It is happening slowly. I had only inquired about not just the ANZ Bank but other banks within the community over recent months and had been virtually assured that they were all safe. Now we find ourself without an ANZ bank manager; I think we get one who comes in from Horsham. The branch is still open, but that is just the first link in the chain that has gone.

For people who have lived in the bush all their lives—like most of us sitting here—and for all those who have contributed so much for 200 years, it is just so maddening to see what multinationals and the banking industry and big government are doing to us in the country. It is a proven fact that we all get off our bums here and earn a living; we are not bludgers. I just think that banks and a lot of these other big industries really need to stand back and have a look at themselves and think about people for a change instead of profits, because with all this modern technology that they are bringing in that is causing redundancies, cutbacks and closures, and with all the unemployment that that is going to create, there are not going to be many people left around to bank, let alone buy a new car or anything else.

I do not know how much thought a lot of these big multinationals and the banking industry really put into what they are doing. As I said, if people are all laid on the unemployment scrap heap, nobody is going

to be able to go to the bank except to withdraw their pension cheque or their social security cheque.

It is of great concern. Ten or 15 years ago we heard that we would lose our post office here, that it would be downgraded to an agency. I was one of the fools who said that that would not be on, but it became a reality about three weeks ago. I do not know how many staff either took redundancy or transferred. It is just continuous. The 'for sale' signs you see on most of the houses are related to cutbacks in the public service. Government cutbacks are certainly having a great effect on our community so we are very concerned about it.

Mr Petering—When we did a survey with CreditCare and then later with the Bendigo Bank, the figures came back a lot better from the people depending on the bank alternative rather than on the credit union. Farming in this area is actually going pretty well. I think farming, for a young chap in this area at the moment, is quite exciting, with the new technology and what is going on. Even though the population is dropping, production is rising and the wealth in the area that has been generated, I believe, is enormous. The banks are letting us down by pulling out.

Mr WILLIS—Can you say why the bank was better than the credit union alternative?

Mr Petering—I think business-wise the businesses certainly felt happier with the bank than with a credit union.

Mr WILLIS—So there would be more transfer of business by the businesses transferring their banking business to a community bank rather than to a credit union?

Mr Petering—Yes, that is mainly where it was. Certainly, the credit union would have suited the pensioners and that type of thing; there were no problems with that. We were talking to David Mathews about the type of business that he runs; he is dealing with cheques worth thousands of dollars. Certainly, he would feel more comfortable with a bank than with a credit union. At the time we could not get the big credit unions interested.

Mr Magrath—Whether the community bank is the answer, we need to have some answers regarding the decline in our rural towns. Everywhere we look, it is a continual decline. One of the key things is the banking services in our rural towns. Perhaps it is not perfect, but at least it is a means of bringing the people together, and we are seeing that happen around these towns. You have got Rupanyup and Minyip, who have fought against each other in football, et cetera, and who would thump each other with great delight, working together on a banking organisation. What a fantastic change that is.

In towns like Nhill, it brings the people together. This is one of the things that is very important in the rural scene—to bring the people together and to get them to do something about their future, instead of looking to you, as politicians, to always do for them. That is one of the key thing we need to keep in mind: the community doing something for themselves. History will tell us whether the concept is a perfect one or not, but it is a matter of the community doing something for itself.

CHAIR—Thank you. I think the committee appreciates that point because it is a very important point

that obviously keeps the communities in a strong position.

Mr WILLIS—Mr Millington, can I ask what you meant when you were talking about the return to the community. You were saying before that a return to the community would emphasise job creation rather than doing up the bandstand or something like that and trying to do something substantive for the growth of the town. As I understand it, the community input comes from people buying units in their community bank, so they have their capital in there. Do you think they expect to make a return on that investment or are you saying they are prepared to see that return go into some general community thing and not make anything back on their investment in their community bank for themselves?

Mr Millington—That is an important question. We have looked at a number of different structures in order to be able to handle the initial shareholders, if you like. It can only work in a community if we have a large shareholder base, because with that we attract the loyalty. If it is too narrow, we will not have that. Our intention is to have, initially at least, an opportunity for those shareholders to receive some return. But perhaps—and this is only at discussion stage—there is a second tier which then flows back to the community. Whether it is our ultimate aim to hand over the full control of the bank to the community proper is yet to be decided. But we are aware of what you are saying, and we would like to be able to get everyone in the community as a shareholder in the bank. That would be the ultimate aim for us.

Mr WILLIS—Some people would say, ‘I’ll put my money up as long as I get some sort of return on it.’ They would like to see that as a financial return to them rather than as some amorphous benefit to the town. I do not have any qualms with the way you are approaching it, but it seems to me that if you go down the path of saying the return to community comes by way of a general decision to spend that money rather than an individual return, then some people might be dissuaded from investing.

Mr Millington—There have to be two tiers. There certainly has to be an incentive for those people as well—the initial investors.

Mr Magrath—The project has to be viable; it has to produce a profit, so it is not there just to break even. How that is finally decided, as John says, is yet to be decided. But it is not to be a community do-good, not for profit, otherwise it just will not stand up.

Mr WILLIS—Can I ask you one other question about the economics of it. One would have thought it would be difficult to set up a bank which is going to be a commercial success in an environment where other banks have found it not to be such. In other words, they are not pulling out on a whim; it is because they are saying, ‘It’s not profitable enough for us to be here.’ Why do you think it is going to be profitable enough for your investors and for Bendigo Bank to be involved when it is not profitable enough for the major banks? I think I know the answer, but could you spell it out for us?

Mr Millington—I am not quite sure where the bar is with the bigger banks. I was interested to see the NAB’s annual report where they said they were looking for a return to shareholders to be raised from nearly 17 per cent to something like 20 per cent. They are the sorts of magic figures that you have in country towns. Agribusinesses do not return that sort of profit. We can only dream about that.

With regard to the information we have seen from the Bendigo Bank, their model can be profitable. Certainly, there would be fewer costs involved. Certainly, there would be a greater return. If I was asked whether it is profitable for a small group of investors to go out and buy the franchise for the Bendigo Bank, from the model that I have seen, I believe it would be. I am involved in the commercial world all the time; we make some good decisions and we make some horrible ones. But I think it can stand on its own.

To ask the community now to take a risk on it is perhaps a little premature. It would be easy for a group of five or six to take that risk, knowing the commercial implications. But to ask a community of perhaps 200 shareholders to do it is early days for us yet. We have not signed off on the business plan. We do not really know about that yet. But I believe it is viable. I believe the cost structures are such that a profit can be returned, certainly differently from the way they are with the major four.

Mr Magrath—The other thing is that it is not necessarily the case that the banks are not able to make a profit in the rural community. They have much wider options available to them to invest their funds elsewhere so that they will get a higher return. That is another factor that adds to it. There have been statements made—I do not know whether they are true—that branches have been viable but they have been closed. So there are other decisions that have to be made as to whether you might use your capital elsewhere.

CHAIR—I do not think the banks would deny that last point.

Mr Magrath—No, it is a commercial decision.

Mr WILLIS—It is fairly clear that they expect a rate of return, and if that rate of return is not earned by a branch, then they look down upon that and eventually will decide to pull the pin on it.

Mr Millington—Somebody raised the example of the Manangatang branch. They shifted \$43 million from there across to Swan Hill. There was no other option for people. The bank in Manangatang said, 'People are going to travel.' They have to; they have got no choice. So it was not that they were not profitable; it is just that it was more profitable to have that business in Swan Hill.

Mr Petering—I think I have heard similar figures. The banks only expect to lose 20 per cent of their customers when they close or transfer to another—

Mr WILLIS—Perhaps if they know there is another option waiting in the wings, they might calculate they will lose a lot more. This might be a good way of ensuring that you keep them.

Mr WILTON—Speaking of options, in the aftermath of the ANZ bank closures here, this is perhaps a question I should have addressed to the council auditors in Minyip. Did the council at any stage canvass discussions with the MAV or any of the surrounding councils with a view to embarking on a relationship with a bank on a shared facilities basis, whereby a bank might use council facilities at some stage to offer a banking service, at least some of the time, albeit that a full-time bank is clearly desired?

Mr Petering—It basically happened just before the councillors came back in when there were still commissioners. Certainly the council was supportive, particular in Rupanyup where they hold offices, that

they could be used by a credit union or a bank. What finished up happening in Rupanyup was the local chap bought the old ANZ, being very community minded. It is a very viable proposition for the bank then to take on his offer and use the old ANZ building, which is right in the centre of the town, whereas the shire office is a little bit to one end. But certainly the shire did offer those types of—

Mr WILTON—Without then speaking officially for the shire council, would you countenance a scenario whereby the shire would share or offer part of its premises on some sort of weekly full-time or part-time basis to a bank? And also perhaps offer staff at certain times of the week as well? Is that how far a council, in your view, unofficially, may be prepared to go and would those sort of thoughts have been canvassed at any stage with the MAV?

Mr Petering—I do not know about being canvassed with the MAV, but certainly those thoughts did come through the shire because the cost of keeping an office in Rupanyup is pretty great. If we could share it with somebody and use the staff in two different jobs, then the council can keep a presence there and the whole facility can be used for other things. All those things have been thought of but it is a lot harder to get them to work. The ideas are there and it has been offered. But with the bank there will have to be staff training, of course.

CHAIR—Can I again thank you very much for coming today. Some people came twice. We certainly appreciate that.

Resolved (on motion by **Mr Wilton**):

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.

Committee adjourned at 5.03 p.m.