



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Reference: Regional banking services

CANBERRA

Thursday, 25 June 1998

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Members:

Mr Hawker (Chair)

Mr Albanese
Mr Anthony
Mr Causley
Mrs Gallus
Mr Hockey
Mr Latham
Mr Martin

Mr Mutch
Dr Nelson
Mr Pyne
Dr Southcott
Mr Willis
Mr Wilton

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Present

Mr Hawker (Chair)

Mr Anthony

Mr Martin

Mr Causley

Dr Southcott

Mrs Gallus

Mr Willis

Mr Hockey

Mr Wilton

Committee met at 10.29 a.m.

Mr Hawker took the chair.

CHAIR—I 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. In the course of this inquiry we have had evidence from a wide range of organisations and individuals, including financial institutions, local and state government bodies, community groups and individuals. We have now had 120 submissions.

This morning we will be hearing from two federal bodies, the Department of Primary Industries and Energy and Centrelink. Both organisations have a close relationship with rural and remote communities and both have already made valuable contributions to this inquiry through their written submissions.

[10.30 a.m.]

BLAIN, Ms Helen Dorothy, Senior Officer Grade C, Department of Primary Industries and Energy, GPO Box 858, Canberra, Australian Capital Territory 2601

HUNT, Ms Lois Margaret, Senior Policy Adviser, Department of Primary Industries and Energy, GPO Box 858, Canberra, Australian Capital Territory 2601

KINGMA, Dr Onko Tjerk, Assistant Secretary, Rural Division, Department of Primary Industries and Energy, GPO Box 858, Canberra, Australian Capital Territory 2601

CHAIR—Welcome. I remind you that the evidence that you give at the public hearing today is considered to be part of the proceedings of parliament and the giving of false or misleading evidence may be considered a contempt of the parliament. Do you wish to make a brief opening statement before we proceed to questions?

Dr Kingma—Yes, I have a couple of points. First of all, Lois Hunt is very involved with the consultative rural finance forum where Dr Southcott spoke the other day and Helen Blain is very involved with the CreditCare program in the rural communities program within the department, so that is expertise that we can bring to the table. I want to emphasise that our department is essentially an industry department, but we take an enormous interest in rural communities because of the obvious synergies and interdependencies between communities and the success of rural industries.

We are highly aware that major structural changes are going on out there at the moment and we try to keep our finger on those. We are also highly aware that there is a lack of data and information about trends in rural communities and the factors causing growth and decline. We have got a series of programs, which I can talk about later if you wish, which can be brought to bear to gather that information or provide the sort of analysis that we want.

We have always felt that government has a key role as a catalyst in this area of overcoming impediments in rural communities and consequently we have a package of programs that can help in that area. I have mentioned CreditCare, the rural communities program which has some very nice features that can help communities, and the rural strategic planning initiative, which is all about getting communities going. I have mentioned the consultative rural finance forum, for which we provide the secretariat. I stress the close linkages that we have with the regional telecommunications infrastructure fund.

The final program I will mention is our understanding rural Australia program, which is all about data collection and analysis, to give us a better handle on things. Maybe I will leave it at that for the moment.

CHAIR—Thank you, Dr Kingma, and thank you for your comprehensive submission. It certainly adds quite a lot to our material. Maybe I could take you up on the first point you made there about the lack of data and the programs that you have in place to gather it. What have you actually done so far and what are you planning to do there?

Dr Kingma—The understanding rural Australia program in particular came into being, along with the AAA package—I have just forgotten the name of it—

CHAIR—Agriculture—Advancing Australia.

Dr Kingma—last September, and since then we have gone through a process with Minister Anderson of trying to refine exactly what we want from that program. It is essentially about, first of all, bringing data sets together and there are quite a lot of disparate data sets available out there; and, secondly, making sense of that in terms of analysis and so forth. A steering committee has been formed that will probably meet within the next two months, so the program is in its infancy. Through the rural communities program we also collect a lot of information from well over 100 communities that we deal with through the program, so there is another data set. Through our financial counsellors we collect information on what is happening in local areas and so on.

CHAIR—You say you are collecting this. What do you have so far, what have you been able to publish so far and, also, when do you expect to see something come back from the steering committee?

Dr Kingma—The purpose of the steering committee will be to set the directions for the program. I guess I was trying to say that it is in its infancy at this stage.

CHAIR—But you must have some time frame.

Dr Kingma—Absolutely. The issue will be to allow the steering committee to determine the direction of the program and commission work.

CHAIR—I wonder if we could get to CreditCare. I think certainly there have been some very positive outcomes from that. The question that arises, though, is why is it that it seems as though it is mainly New South Wales, and to a lesser extent Queensland, given that it has now been running for some years and it has developed some positive outcomes? Why has it not been expanded into other states?

Ms Blain—CreditCare has actually been active in all the states by contacting communities in those areas. Unfortunately, not all the communities that have been contacted there have taken up the challenge. Either they have not been viable to undertake a credit union in their particular towns, or, I think I have heard CreditCare officer Mark Genovese say, in some instances there is a little bit of superstition about credit unions in some of the states.

Mr CAUSLEY—What about state funding? Does this go back to support through state funding?

Ms Blain—My understanding is that in New South Wales there are some state contributions. I am not sure about the other states.

CHAIR—I think it is only in New South Wales at this stage.

Ms Blain—Yes, that is my understanding.

CHAIR—But you talk about this sort of superstition. What is being done to overcome that concern? I presume you are talking about things like Pyramid.

Ms Blain—We leave that really as a matter for CreditCare to take up. We manage the contract. We are not getting involved directly in those issues. I am just reporting to you something that was said to me.

Dr Kingma—And they are issues around acceptance of what are seen, quite often, as being amateur rather than professional approaches, which is obviously totally wrong. Then trust is involved and also the issue of privacy in local communities. They have been some of the issues that have been pointed out too.

CHAIR—But you feel that government has the role, as you were saying in your introduction, of overcoming some of the obstacles?

Dr Kingma—Yes.

CHAIR—Is this not part of that role?

Dr Kingma—Yes, absolutely. This department took over the CreditCare program this financial year. Prior to that it was run through the Department of Social Security as a pilot. The decision has now been made to expand the program and we have got funding for three years. We are working pretty closely with, as Helen said, Mark Genovese and others to evolve that program.

Mr WILTON—What other factors are there that might constrain the acceptance and the spread of CreditCare?

Dr Kingma—There are a range of issues in rural communities. As I said, there are the isolation thing, the lack of awareness, information which may or may not be right, lack of trust about information, the issues around leadership in communities, and leadership not only in the form of individuals but in terms of community groups being able, and having the facilities, to take on some of these new challenges. In essence, it is about new ways of doing things. Quite often you find that small communities are not able to do that, hence I see the role for government as one of leadership, providing a catalyst, providing the seed funding to help overcome what are really social traps.

Dr SOUTHCOTT—In the area of small business, what sorts of problems have you identified with people getting access to business finance?

Dr Kingma—There are quite a few, relating more to availability of services and timing and so forth.

Ms Hunt—Basically, it relates to the ongoing problem of actually accessing the banks and the distance with banks. As far as rural industries are concerned, obviously all the big banks have special facilities for their big businesses that have a return on investment for them but, when it comes to smaller businesses, the facilities are not necessarily there. It is really a matter of distance and a lack of personal services. There is a long way to travel to get the business in the first place. There are also risk margins according to the viability of the area.

Dr SOUTHCOTT—Do the small and medium businesses find it difficult to access things like mobile lenders who come around offering the business finance service?

Ms Hunt—Yes. The mobile lenders are targeted to the top end of the market, so what we would call the middle market, the people that are making fairly low returns on investment or have lower level loans, are not being serviced to the same extent. That has a flow-on effect in that they are not getting the same business advice from the banks that they normally would have got previously as well, because they do not have that face-to-face contact.

Dr SOUTHCOTT—Does the department, or something like the consultative rural finance forum, have any ideas of how to improve the access to business finance for those small to medium businesses, and also farms?

Ms Hunt—There are two aspects of it. One of the aspects is that we have a range of people on the forum, including representatives of CreditCare and also the pastoral houses. So there are alternative sources of finance. We are interested in pursuing that a little bit more through the forum. I think the implementation of the Wallis recommendations will assist in that area because the credit unions are interested in targeting that market, and also the pastoral houses are very interested in targeting that end of the market.

On the other side of it is farmers being able to negotiate loans and improve their productivity. If they improve their productivity and returns on investment, then they are a better prospect for financial services. So the forum is taking positive action in that direction, in trying to improve the business skills of farmers, or playing their part in the improvement of business skills of farmers.

Dr SOUTHCOTT—With the pastoral houses and the credit unions, they have the same problems that face the banks in that they are—and especially the pastoral houses—mainly in much larger towns. Would they be proposing to look at a mobile service as well for lending? How would that work?

Ms Hunt—I do not know about the pastoral houses. I have not heard any talk of mobile services, but the pastoral houses have a number of streams of businesses, so finance is just one. Elders and Wesfarmers, for example, have a wool stream and they have their stockbroking scheme, but there are about six areas they are involved in. They have different economies of scale, I would imagine, than the major banks, and they have opportunities to spread their networks probably a bit further into smaller towns than perhaps what the banks are looking at.

I also know they are interested in alliances with other providers of finances, so there are other opportunities there. I guess there is potential for them to move further, depending on how they see their opportunities.

Mr WILLIS—I notice that your submission does give us a bit more information than we have had previously about credit unions, particularly through the use of PIBA. I think in earlier appearances before the committee by credit unions themselves, and also by small communities, the point has been made to us that one of the problems that credit unions find in getting established in these towns where there is no banking service is that, because they are not really into agricultural lending, they cannot do much for the local farmers

in any substantial way.

They absolutely do not see it as appropriate to transfer their major loans to them. The credit unions do not want to take them on anyway because they are too big. Is that changed substantially by the involvement of PIBA and the encouragement of RaboBank for PIBA to operate through the credit unions? That seems to be what you are saying here.

Dr Kingma—Certainly, we have close contact with particularly the PIBA member of the consultative rural finance forum, and it seems to me that that movement is growing pretty rapidly. They have been the lead bank in trying to establish these alliances, and certainly their presence, and very much their presence beyond the farm gate side of things, is having a big impact on the acceptance of the credit unions and the willingness of business people to actually use their services. Yes, it is in its infancy, I believe.

Mr WILLIS—Can you tell us a bit more about the sorts of loans that PIBA actually makes to farmers? I guess we should all know this. I should know it, but I must confess I do not know it particularly well.

Dr Kingma—I do not have the details. I am sorry.

CHAIR—You have to have high equity and be a good performer and you will get a very competitive loan.

Mr CAUSLEY—It is not easy to get loans.

CHAIR—It is not easy, but if you can get one they are very competitive.

Mr WILLIS—What I was really wondering is: how possible is it for someone who has a substantial overdraft or major loan from a commercial bank to transfer that to a credit union cum PIBA or is that, in fact, a fairly difficult thing to do?

Dr Kingma—I think it is being done and Helen was just saying to me that PIBA are not only into that large end of the market but also into the 50 to 150,000—

Ms Blain—I think it is over 100,000.

Dr Kingma—Over 100,000, so that is a fairly sizeable—

Ms Hunt—I see PIBA's role more as introducing competition into the agricultural market where they have really had a significant role, I think.

Dr Kingma—And stepping in where they can see an opportunity. When they speak to us, they say they see enormous opportunities there. I think that is what they are on about, obviously.

Mr WILLIS—It seems to me that is a really substantial development which might really assist the

credit unions to establish. On a small point, I notice on page 24 you have got an example of Julia Creek. It is a bit confusing there. You are talking about credit unions, then you say that a:

bank opened for business . . .

Do you mean a credit union opened for business or a bank opened for business?

Mr CAUSLEY—Julia Creek is not a very big place.

Dr Kingma—No, that is right. I think we are talking about a credit union, to be frank.

Ms Hunt—I think it is full banking services, but it was actually the credit union. So it was full financial services.

Mr WILLIS—Okay, thank you.

Mr CAUSLEY—I want to go back to the AAA package and the banking service—the availability of loans financed to rural Australia. Part of that AAA package, of course, looked at upgrading the management and business skills in that area. Would you see part of that being to try and give farmers better access or better knowledge of the technologies that are available at the present time for at least some banking services, probably identifying shortfalls in infrastructure in the bush?

Dr Kingma—Yes, that is right. You are talking in particular about the farmbiz program which, rather than being a product as such, is really an approach to changing attitudes, although that is a term I do not like to use. Basically, it is to help with awareness of what is out there—awareness about the sorts of courses that are available for farmers. It has a business, financial and strategic planning orientation. Therefore, ultimately it will help not only to improve the awareness of products in the financial and banking side but also help farmers improve their skills and cope with what is increasingly a more complex business and technological environment. That was the purpose and one of the goals of AAA was to achieve what you are talking about.

Mr CAUSLEY—Might some of these isolated businesses only be able to access that type of electronic information by satellite eventually?

Dr Kingma—Yes.

Mr CAUSLEY—So would there be a need for some infrastructure or support financially to help them access that?

Dr Kingma—Yes, absolutely. We have not really touched on the telecommunication side of this whole debate.

Mr CAUSLEY—But banking is going to be that way; that is the way it is heading, is it not?

Dr Kingma—I believe so. I think ultimately satellite technologies will play a huge role in overcoming

some of the problems, particularly in remote farming areas.

Mr CAUSLEY—Yes.

CHAIR—On that technology point, you talk about the number of commercial farmers with computers rising to around 50 per cent.

Dr Kingma—Yes.

CHAIR—I was wondering what number of them actually use the Internet—in particular, for banking—and what number do not have access to the Internet or could through their computer?

Dr Kingma—Firstly, I do not have the exact figures with me and, secondly, the farmwide program under the National Farmers Federation, or the extension of that, is trying to come to grips with this sort of issue. Of the 50 per cent, as you say, who do have computers, only a proportion of those would have successful access to the Internet. By that, I mean that inevitably their telecommunications lines may not be good enough to handle the sort of broadbanding that they would need as business people. A lot of them would have access, but there is a question mark over whether that access is sufficient to be analytically helpful to them. The farmwide program finds essentially that this is a real issue: access, quality of access and affordability in rural Australia.

CHAIR—Do you have a handle on the likely figures of those who cannot get access on lines that can handle this?

Dr Kingma—I do not have the figures with me; it varies enormously by area. That is due to the quality of lines from different local exchanges, and that varies enormously as well.

CHAIR—Are you pressing to have the universal service obligation of Telstra to include not just voice service but also data transmission quality services?

Dr Kingma—Yes. Minister Anderson is very aware of the sorts of issues you are talking about and, as I have said before, is very keen that the quality of the services available and the telecommunications are adequate for business use. In terms of extending the USO to include those, first, it is a matter of how the competition policy works out hereon and, secondly, making sure that rural Australia is not left behind on this. The willingness is there to expand the USO, but the tension is around allowing competition to work its way out.

CHAIR—The committee has already made recommendations on that particular aspect, as you are probably aware, and the Treasurer has responded by asking the Productivity Commission to do an inquiry into that specific point. If no-one wants to follow up on those technical aspects, we might move on to the consultative rural finance forum. I was wanting to know from your experience the benefits and pitfalls you have had in that so far, and how can you get some value from it?

Ms Hunt—With a lot of hard work. The forum has actually had three meetings now. We have just

had our third meeting, which Andrew Southcott attended last week. I would say that was the first meeting where we managed to get some momentum going. It was very difficult to put a bunch of people—

CHAIR—Thank you to Dr Southcott.

Ms Hunt—Yes, it was good. It is a difficult situation to put a bunch of people in a big committee room and then get them to talk about issues. So it has taken a bit of effort to get the banks to open up a little—to get some issues on the table and to get some more discussion going. We have actually started getting going. We have some agreed terms of reference; part of those terms of reference is about getting the two sectors to understand each other but with the government playing that facilitative role. I think we have made some remarkable gains in getting some commitment from the committee, or from members of the finance forum, to actively participate in a marketing plan to get some messages out to rural communities—again, dealing with farm business skills and addressing that side of the equation where we are trying to assist farmers to develop their farm business skills so that they are competitive in the financial markets, competing for finance, and have negotiating skills and a few things like that.

It is very easy for the banks. It is very hard to take issues up with the banks and get change with the banks. I do not know whether that is a result of the authority of the people there or whether they are able to act in a block, or what the story is. One of the issues we have been interested in talking about is the transition arrangements in relation to banks pulling out, but it is very hard to get responses in that area. One of the pitfalls is actually trying to get some outcomes. It is a toss-up between a talkfest and the effort in getting—

CHAIR—You say you had difficulty with the banks, but one of the things that we have found as this inquiry has been progressing is that, from a fairly offhand approach, the banks are now taking quite a keen interest in responding to what this inquiry is doing. I am surprised that they have not extended that to what you are doing.

Ms Hunt—When I say difficulties with banks, I do not mean that they are difficult people to deal with or that they are not responding. I guess what I am trying to get across is that it is very easy to start talking about farmers and what farmers can do. When you are dealing with the banks, there are a whole lot of issues of commercial-in-confidence and things like that. There are issues that you cannot deal with effectively, but there is also getting outputs. I guess what we are interested in is getting some outcomes that are going to be of interest to the rural community. Getting some open commitment on issues such as transition arrangements has not been something that we have been able to do at this stage. But we have been interested in the work of the committee on that and have been watching that. We can see some synergies there.

Dr Kingma—The other thing to add is that it is an interesting forum because it is not only the banks but the pastoral houses, and then representatives from various of the programs, like the property management planning program, providing services to farmers. I find that the discussion is fairly open, given that diverse range of people. Having somewhere where the banks can come to the table and talk to us about some of these transition arrangements, as Lois said, is a bit of a feat.

Ms Hunt—It is still in with the dynamics of a forum of that nature.

CHAIR—But really this is a major issue and you have only made this progress so far. It seems fairly slow progress.

Ms Hunt—I am quite pleased with the progress we have made in that we have got all parties on board for a marketing strategy. I think it is really something to achieve that in three meetings. We are getting to the stage now where there is an ongoing commitment to follow the progress of this committee, so there will be ongoing issues to look at in future. But there are also issues of competition. We workshopped a topic last week and I think there was progress made on that.

A lot of it revolves around innovative approaches to dealing with some of the issues. One of the innovative approaches we took last meeting was to get one of the participants to start workshopping an issue and that managed to draw people out. It is a matter of being lateral and trying to look at how you run the meeting. It is just a difficult group to bring together. Now you have to be innovative in how you do it.

Dr Kingma—Other agenda items have ranged around the role of banks in rural areas in providing services, mediation issues, interest rate margins, awareness of farmers in terms of how interest rates are made up, and, finally, what groups of farmers are in trouble at the moment financially. So it has been wide ranging.

Ms Hunt—The other important outcome is that we have actually got the Australian Bankers Association, representing its banking constituents, talking to the property management planning people, trying to upgrade the property management planning program so that the bankers interests are taken more into account and to allow for the involvement of the banking industry in that program a bit more. It is a facilitative role rather than a leading role, I guess.

Mr CAUSLEY—Has there been any discussion at all with the banks about the fact that, if you are the last bank in town, you would give some warning about closing?

Ms Hunt—It was raised briefly. I noted that it had been raised I think by this group late in May. So it was on our agenda for discussion. We did not have time to go into discussion on that, but that is an issue that the forum is quite interested in and that will remain on our agenda.

Mr CAUSLEY—In evidence to this committee, the banks have really taken the attitude that they may as well take the short-term pain by saying they are going to close tomorrow morning rather than the long-term pain if they say they will close within a month. On the other side of that, I have evidence in my area of people not using the bank and some of their reasons were valid. In one particular instance, there was a very bad manager and the bank did not take that into consideration. I think if the manager had been changed they may well have got a lot of business back. It is one of those areas that discussion should take place on before a unilateral decision is taken.

Ms Hunt—I think we have now got scope to do that because we have the Commonwealth Bank with their six-week protocol. I do not know the details of that protocol and how well that is going to work. At least it gives us something to look at and something to start talking about and putting on the table. I think

that is a very useful start.

Mr ANTHONY—Are they the only bank that has that protocol?

Ms Hunt—As far as I know, but there may be others that we do not know about.

Mr WILLIS—Speaking of the suburban experience, it does not change anything, but at least you know about it in advance.

Ms Hunt—At least a bank can work with a local council or take steps to alert the local council. I know the Commonwealth has talked about education and training in the terms of that protocol. I do not know what form that takes, but if they are taking some sort of facilitative role—at least making some attempt to work with the council and bringing other parties in, even if it is CreditCare or something else like that—I think that is a positive step.

Mr WILLIS—I notice on page 8 you talk about mobile banking being provided by banks generally only to customers who have substantial loans over \$150,000. Do you think that has been changed at all by the CreditCare-PIBA alliance?

Ms Hunt—I do not have any feel for that. I guess what we are trying to encourage is to see those people with a lesser return on investment as potential positive customers. That is the way we would like them to see it.

Mr WILLIS—We have heard about mobile banking before. I must say I have not seen those sorts of limits put on it before—the threshold for a loan required before mobile banking actually takes place.

Ms Hunt—I guess it is a commercial decision by the banks based on economies.

Mr WILLIS—On page 11 you talk about the social impact of even the regional forest agreement. You say that half of the bank's clients transferred to other local banks. My recollection of the evidence that we have had from banks is that basically, where they close, they keep the vast majority of their clients.

Mr CAUSLEY—Ninety per cent.

Ms Hunt—This was one particular case study. It was done by the regional assessment committees who were doing that in regard to changes in the forestry arrangements. They went into those towns and did quite intensive case studies. It is a one-off in this case.

Mr WILLIS—The evidence that we have is that generally it is a much higher proportion that they would keep rather than lose half. On page 12 you refer to a study by the Centre for Australian Financial Institutions. It says that the report is at attachment A. We do not have an attachment A. Is that our committee not giving it to us or did you not give it to the committee?

Ms Hunt—No. It was forwarded. We have got dozens. You are welcome to as many as you like.

Mr WILLIS—Okay. And a very small point: on page 14 you refer to people adopting alternative strategies including ‘hoarding cash, using barter or LETS coupons’ where they have not got new technology available. What are LETS coupons?

Dr Kingma—There is one group operating in the Queanbeyan area and there are groups operating in Queensland that I know of. LETS units are local area trading units. Basically, it is a barter system which simply relies on a computer which clocks that so many units were transferred between people with different skills and services available.

Mr CAUSLEY—Is it a religious group?

Dr Kingma—No. Actually, it works tremendously because basically it returns money to the purpose that it was meant for, namely, a unit of exchange. It means that those units cannot be traded anywhere other than in the local economy.

CHAIR—Does the tax office recognise it?

Dr Kingma—I was going to say that the tax office has extreme interest in not pursuing this one.

Mr CAUSLEY—Has it got a photo of Pauline on it?

Dr Kingma—No, it is nothing like that. It works very successfully. I think it has got a future.

Mr WILLIS—I must say I have not heard of it before. How widespread is it?

Dr Kingma—It started off in Canada. It is simply a mechanism for allowing communities to continue with their business without being worried about the exchange of money. It is a cashless type of set-up. It is economically sound. It is very good.

Mr WILLIS—But how many towns or regions in Australia utilise it?

Dr Kingma—I do not know the exact number, but it would be quite a few. There are quite a few groups in Australia and New Zealand using LETS type mechanisms.

Mr CAUSLEY—What is its security based on?

Dr Kingma—It is basically trust in the local community which is based on trading of units for services exchanged. So, if you have a service that you can provide to me, and I am prepared to trade so many units, which are credited to your computer account, in order to get that service—

Mr CAUSLEY—How do you set the value of the unit?

Dr Kingma—It is set internally by what people value your services at.

Mr WILLIS—By agreement between the parties?

Ms Hunt—It is common enough for me to have seen a documentary on it.

Mr CAUSLEY—I have never heard of it.

Dr Kingma—It is not One Nation.

Mr WILTON—It has been put to me that those who bank in rural towns are only the ‘townies’; that the squattocracy and the farmers with the money—and that might bring some chuckles around this table—bank in Pitt Street or Collins Street and that, if they did bank locally, the banks would be more inclined to stay in the town. Do you have any evidence or any thoughts on that assertion?

Dr Kingma—I have read quite a bit which says that larger farmers bank in centres beyond their locality, partly for confidentiality reasons and partly because it is in the distant area centres that they do their business.

Mr CAUSLEY—And the banks force you to do that too.

CHAIR—They provide bigger and better services.

Dr Kingma—Yes, that is correct. I do not have any specific figures on that but certainly I have heard that and, as you say, it does not help local economies.

Ms Hunt—Local governments often do the same thing.

Mr CAUSLEY—You are directed to their agribusiness which is not necessarily in the local area; that is Westpac anyway.

CHAIR—It is not so much city as it is regional. If there are no more questions, I thank you very much, Dr Kingma, Ms Blain and Ms Hunt, for your presentation.

[11.09 a.m.]

FIELDING, Mrs Diane Mary, National Manager, Finance, Centrelink, Tuggeranong Office Park, Athllon Drive, Tuggeranong, Australian Capital Territory

NINHAM, Ms Elaine Dorothy, National Manager, Innovations, Centrelink, Tuggeranong Office Park, Athllon Drive, Tuggeranong, Australian Capital Territory

TREADWELL, Ms Jane Lesley, Chief Information Officer, Centrelink, Tuggeranong Office Park, Athllon Drive, Tuggeranong, Australian Capital Territory

WADESON, Mr John William, General Manager, Centrelink, Tuggeranong Office Park, Athllon Drive, Tuggeranong, Australian Capital Territory

CHAIR—Welcome to today's public hearing. One of the aims of the committee is to pursue developments related to section 96 of the Wallis report, namely, that governments expedite the examination of alternative means of providing low cost transaction services for remote areas and for recipients of social security and other transfer payments.

In examining the impact of bank closures on rural and regional communities, we are mindful that the impact may be particularly disadvantageous for certain sectors, including the elderly and recipients of government transfer payments. We are interested in finding out more about developments that Centrelink has under way, aimed at ensuring that recipients of government transfers have continued access to financial services.

I remind you that the evidence you give at the public hearing today is considered to be part of the proceedings of parliament and that the giving of false or misleading evidence may be considered a contempt of the parliament. The committee has received a submission from you, which is numbered 112. Are there any materials that you would like to table?

Mr Wadeson—No.

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

Mr Wadeson—I would just like to say that we welcome the opportunity that you have given us here. The issue of withdrawal of banking services is a real one for many of our officers across regional Australia, and it is demanding a fairly innovative and proactive approach on the part of those officers to manage these situations as they arise. We welcome the opportunity to come here.

CHAIR—What discussions have you had with the financial services industry in regard to provision of direct credit and provision of low fee accounts in regional Australia?

Mr Wadeson—I might leave Ms Fielding to expand. We have a number of regular contacts with the banking sector generally. Particularly, we liaise mainly through the Reserve Bank. We have had a number of

discussions around these issues with the Reserve Bank, who coordinate across all the banks or give us a view of what the banks are thinking and doing.

We also have a meeting with the Australian Bankers Association which takes place once every six months and these issues are raised there. As to whether we have had any progress, I think the banks acknowledge our views. I would not say that they necessarily are very sympathetic to the views we put forward, but we do discuss these issues through those forums.

CHAIR—When you say that they are not sympathetic, what particular—

Mr Wadeson—We have expressed to them and to the Reserve Bank our views that the withdrawal of banking services from regional Australia can create problems for us. The banks generally have the approach that where our offices are there are banks, because we are mainly in the bigger regional centres, and that it is not really a withdrawal of service as such—people are able to use those bigger banks. I think that primarily they are saying that what they are doing is reflecting the increased competition they feel. The issue that even we have with our offices at times is that, in some areas where you have got major population moves, this infrastructure gets very expensive to maintain.

CHAIR—What about the question of fees? Do you monitor the fees that are being charged against these accounts?

Mrs Fielding—Yes. We do watch that very closely. In fact, that has been, along with the withdrawal of services from the rural areas, a concern for us in terms of whether a number of our customers are being driven out of having any dealings with the banking sector. As you would have seen in our submission, some of these very preliminary discussions that we have been having with the Reserve Bank reflect that issue as to how we can make sure that our customers remain with accessible banking services. One possibility is to look at an arrangement down the track using a smart card, using very basic banking facilities that may or may not be provided by the Reserve Bank.

CHAIR—We will come on to the smart card in a minute, but I would like just to tease out a bit more on this question of fees. What is your experience with this monitoring?

Mr Wadeson—Could I say this: the bigger issue for us with the banks has been threats—‘threats’ is probably too strong a term—or the issue of the large number of replacement payments that we issue. As you would know, on any one day an office will issue quite a number of payments, in the form of a cheque mainly. We have an ongoing issue with the banks about the costs of their cashing these cheques. It is no good our giving someone an emergency payment if the bank then makes them wait five days to get the money. These generally are situations where we cannot even wait to pay the person that night; we can pay people generally on the night. A lot of our discussions with the banks focus on the handling of this group. Our concern for fees and restrictions has been more in that area than in the fees for baseline accounts. Although we hear reports of account charges and that, generally at this stage it has not emerged as a significant problem. It is more a problem of getting emergency payments.

That, in part, led us to push for the development of the card access for people getting emergency

payments. Our argument with the banks at the minute is that we are doing a lot to take people out of their offices—we are doing something to reduce the costs they incur in cashing these cheques—and therefore we have got the right to expect them to look after us as far as they can in maintaining low fee accounts for our customers.

CHAIR—What sort of response are you getting to that, though?

Mr Wadeson—I might ask Di to comment, but generally people at this stage still have access to accounts. We could well forecast a time when banks might get more difficult about that, but, as at today, generally people can get access. There is a very, very small group who the banks have refused to deal with, but that is usually to do with other reasons altogether.

CHAIR—Are you saying that you accept the fact that it could be very difficult, down the track, for people in smaller centres to get access to anything? Is that the point you are making?

Mr Wadeson—Primarily the places where the banks have withdrawn from tend to be towns that are an hour's drive from another branch, and generally the sort of banking available in those branches has not been the full range of services. The way it is often put to me is that most of our customers who live in these towns generally have their major account in the bigger centre anyway, and they tend to go to that big centre for the more complex transactions. What they are losing is the capacity to deal with it locally as the bank branches close. Generally the banks charge a national, standard fee.

CHAIR—You spoke of the difficulty of actually cashing a cheque. Why would a bank take five days to cash a cheque from Centrelink?

Mr Wadeson—If you take a standard cheque in to a bank, it is a matter of their applying 'the rules'. There is a series of protocols with the banks in existence at the minute. This is difficult trade for the banks. Some of the people who get emergency payments from us are fairly difficult to deal with. The banks cite instances to us. Although they never give us precise figures, they certainly talk about fraud in these areas. Generally they have made it increasingly difficult. Every now and then we will get a bank branch, for example, that just refuses to cash cheques and says, 'No, we are imposing a five-day limit.'

Mrs Fielding—Yes, that is right.

Mr Wadeson—Di and I have to ring up their heads in the city and say, 'Look, you have got to go and deal with your local managers. They are causing us trouble.' This breaks out sporadically around the network.

CHAIR—When you deal with them, what has been the response?

Mr Wadeson—Generally our relationship with the banks is good enough for the banks to prevail, and they ring them up and the matter gets sorted out. Particularly in Western Australia we have had some ongoing, prolonged difficulties, but we find that the banks generally accept that they should cooperate with us. I might say that with these emergency payments there is a lot of work for us too, because often it

demands a letter of introduction and, in many cases, it is not unknown for us to actually send a staff member with the person to the bank. The bank wants that sort of proof that this is the person. That happens more than it should.

Ms Ninham—I could give an example. I was in Emerald very recently, out the back of Queensland, and that was happening out there. They had a new staff member come into the Commonwealth Bank and they were refusing to cash the cheques. They had arrangements with people in the bank to try to encourage them to cash our customers' cheques when they came in. Staff went in, as John has indicated, to actually try and get those arrangements set up so that it was easy for our customers. But it is an ongoing battle. As people move through and change, arrangements that have been set up seem to change and they have to be re-created. So it is an issue.

CHAIR—But you are saying that when the person in that bank has accepted it then it can be—

Ms Ninham—That is right. They have local arrangements that they have set up.

CHAIR—What about with other financial institutions, such as credit unions?

Mr Wadeson—Generally, people do not quite deal with credit unions in the same way they deal with banks. I think the credit union arrangements tend to be more at a distance. We do not run into, or we have not run into, the same sorts of problems with credit unions. I should say it was only a short while ago we heard rumours that a credit union was going to specifically set up and try to market itself as a place where 'You can get your social security payment or your payment from the government paid into our account' specifically for our customers. We hear these things, but at this stage no-one has come forward.

The CreditCare initiative has been successful in some places. I have only just heard about something in Victoria called community banking, which I understand is where some branches are being established in rural towns where you have got a combined community—

Mr WILLIS—Two.

Mr Wadeson—These sorts of things are starting to emerge. Of course, from our perspective, they really are excellent because it is very easy for us to establish a direct credit facility.

Mr WILLIS—When you send a cheque to someone who is in a town with no bank, how do you expect that person to cash it?

Mr Wadeson—Usually, local stores and community organisations are the main cash facilities.

Mr WILLIS—Are these the organisations that are charging \$25 to cash the cheques?

Mr Wadeson—Yes. From time to time we get reports of that. We have had some problems. In isolated cases you will get people who cash in at gambling establishments and all they do is pay off debts and things. This happens. We try and manage that very much at the local level. We try to get out there to

establish an arrangement with local storekeepers, if there is not one already in existence, to get better bona fides. Generally, if you can improve the security that the person feels, the fees come down. But it has been an ongoing problem over many years, although I must say that in the last few years I have not seen as many instances of what you would call something amounting to theft as I experienced earlier on.

Mr WILLIS—Do you know whether the TAB accepts your cheques instantly?

Mr Wadeson—I have never heard of anyone cashing one there, but that is not say it does not happen.

Mr WILLIS—It is happening increasingly. I know, in Victoria, people are using the TAB as a fee free bank, and not necessarily punters.

Mr Wadeson—I see.

Mr WILLIS—It is just that the TAB is open seven days a week.

Mr Wadeson—And you can pay it into your account.

Mr WILLIS—They can pay it into an account there. They can withdraw it. There is no interest paid to them, but there is no fee either and it is a secure place in which to access your money—you are not likely to be mugged in the TAB—and it is available seven days a week. I just wonder whether you have any experience of whether they actually accept your cheques and whether people can access their money immediately.

Mr Wadeson—We are working very hard to get rid of cheques, partly because of the difficulty people have in cashing them, but also because administratively they are a very inefficient way to pay anyone because the reconciliation processes are very manual and you are forever chasing up lost duplicate cheques. Our strategy has been based around very much trying to reduce the number of cheques. That has been one of the big advantages for us with the CreditCare initiative in that they have been able to establish these in communities that have been entirely cheque based in some cases.

Mr WILLIS—What would your attitude be if somebody asked for their social security cheque to be paid into a TAB account?

Mr Wadeson—Once we give them the cheque—

Mr WILLIS—No, direct payment.

Mr Wadeson—Direct payment into a TAB account?

Mr WILLIS—Yes.

Mr Wadeson—Would we be allowed to do that under the—

Mrs Fielding—I do not think that we would. Again, it has never arisen. We would have to really look at it from both legal and operational viewpoints, in terms of the Reserve Bank and the capability they have got with the direct credit payments to actually shoot them around the country to various financial institutions. Perhaps we need to start doing a bit of homework and be ready for the first request.

Actually, there is one point I would like to make in talking about cheques and direct credit: 98 per cent of our payments are direct credit. About two per cent are cheque payments and remote localities—that type of thing. On top of that, of course, are the more troublesome ones that John was alluding to, the replacement cheques, where somebody needs a payment urgently. That was where we give them the cheque and they go down and actually cash it at the bank. They are the ones that give us a lot of trouble. In terms of regular payments, yes, only two per cent of them are by cheque; the rest of them are direct credit.

CHAIR—I think Mr Wilton wants to get on to the smart card, so you can lead the batting there.

Mr WILTON—Overall, there has been a bit of a slow uptake in terms of the new technology banking in the rural areas, whether it be with EFTPOS, or Internet banking, or, perhaps to a lesser degree, phone banking. In your discussions with the ABA and other banks on the smart card arrangements—and I would like you to elaborate on whatever they may have been—what notions have been canvassed about training for people wishing to take advantage of new technology, or forced to take advantage of smart card technology?

Mr Wadeson—In terms of the discussion that we have had with them, we have not got anywhere near that level of detail. The discussions we have had with them have been very much at the conceptual level. We have not got anywhere near talking about that level of detail.

CHAIR—What about with other organisations, such as Telstra, or pharmacies—that type of link?

Ms Ninham—From an innovations perspective, I have had discussions with people from banks and from a range of organisations such as pharmacies and so on. They are looking at the future and the potential to use these technologies and how they may help people because they can localise the availability of different service delivery channels. A lot of it is still futuristic. People are saying, ‘Maybe, if Centrelink comes on board with us, it might create the mass that we need, and where are you at with this and so on.’

A lot of it is blue skying. People are looking for opportunities, but not necessarily saying that they are going to go out there to put the infrastructure in place, to have the terminals out there and have the readers available to do these sorts of things. There is a tentativeness in this area. People are waiting for somebody else to come on board because they do not necessarily want to put the huge amount of money into the infrastructure that is required for this.

We are possibly a couple of years away from this sort of technology. We are looking at various trials and who is there. Telstra, as you may know, have got multimedia payphones—I actually have a picture of one of those if you want to have a look—that we are involved with now. They do have a smart card facility, and we will possibly look down the track a little bit with them at the possibility of trialling some things on a smart card basis. It would not initially involve money; it would probably just be with data that could be

verified.

Mr WILTON—Could you tell me if there is anecdotal evidence of your customers taking up Internet readily? How many of your clients would have engaged in any form of Internet banking, and how do they go about bearing the cost of that? Is there any sort of subsidisation from Centrelink?

Ms Ninham—No, we do not have any data on that. That is a connection with the bank through their system.

Mr Wadeson—We have only just recently opened up an Internet site purely for information purposes. We are getting a lot of access to it. There are lots of issues to sort out before you can use the Internet for real business, including amendments to the Social Security Act, amongst other things.

CHAIR—I understand that you were doing quite a lot of work on your own smart card some time ago. How far did that get?

Ms Treadwell—There was some work being done for the Online Council which essentially sought Centrelink's input, from a technical perspective, in terms of trying to overcome any problems in advance of multiple types of smart cards for government usage at Commonwealth, state and local government levels. In that regard, we put out a request for information from industry. We got quite a number of suppliers of smart card technology responding, thinking that this might be their avenue to get a large mass of usage across Australia.

In addition, we have been working with our client agencies, in that Centrelink, as an organisation, cannot actually pursue the use of smart card technology without one of its client agencies seeking that service from us. In that regard, we are still exploring with them the means by which their particular objectives might be served through the use of this particular technology as compared to various other emerging technologies—in relation to concessions. The Department of Social Security is obviously one particular arena in which new technologies are key. In that regard, customer pick-up of the use of that technology is one of the many aspects that we still have to research.

Whilst we understand that the technology is available to put various requirements or multiple applications on a smart card, it is really a matter of working through the relationships between those applications, the privacy and security issues, and then whether we look at more than one form of application from government or multiple applications. So, to that degree, we are still in the formative phase. We will not proceed without a Commonwealth government agency actually seeking that service from Centrelink.

CHAIR—Yes, but haven't you been doing some work for quite a long time now on this? I thought you had actually developed them. There was an article in the *Financial Review* a few days ago talking about Health and Family Services planning to use them as of 1 July, so someone must have gone a fair way down the track to date with this. What is happening?

Ms Treadwell—Health and Family Services certainly have an interest in a child-care card. We are awaiting advice from them as to how and when they want to proceed. I suppose our particular interest has

been more in the concessions arena lately. We have been exploring what might occur in the event that Social Security or another government agency would want to proceed. The infrastructure needs to be in place to support the security aspects, the customer requirements, the issues of PIN number—all of that infrastructure that is in behind bankcards and those sorts of things that we do not have available to us and we have not been asked to create. There is the issue about whether that is a private sector opportunity. As a result of that we continue to explore essentially what the business objectives are before we actually throw technology into the arena.

Certainly, from the RFI, the technology exists, the smart card readers exist in many shapes and sizes. They are already there in many of the retail areas and it is an opportunity to respond to. However, there is still a great deal of research and preparation required before one part of government or multiple groups within industry actually go into it in detail. The research that we have done across the world shows that there needs to be substantial thinking and planning, and cooperative arrangements and alliances put in place, before smart card technology can actually deliver many of the solutions that government or the private sector would want.

For example, in many countries where they have done pilots, it is essentially testing of the water, and not a great benefit has been derived from that, which would tend to mean that you actually have to come in at a more substantial planning and preparation end. So we are ready to respond to government agency requirements, but I think there are a number of practical and policy issues that they are wanting to deal with before they actually purchase that effort from us.

CHAIR—This seems to be a bit of a chicken and egg thing. You are saying you cannot do it because they have not—

Ms Treadwell—Centrelink will only be able to deliver that service if that service is purchased.

CHAIR—If you are going to bring it all together—presumably there will be more than just one department—you must have done a fair bit of work in establishing how that would be done. How far has that progressed?

Ms Treadwell—It was essentially for the work for the Online Council that we undertook to look at issues of interoperability and the technical aspects, and we cannot progress without the policy issues being dealt with at that whole of government level. So we are well aware that the technology exists to be able to offer smart card solutions. I am not sure if it is chicken and egg or if it is the tail on the dog. The technology exists. It is the work, the front end, in terms of what is required to be achieved—whether multiple government agencies can take advantage of that technology in order to achieve their ends, to service their customers. In fact, this issue relating to banking is probably one of those business drivers.

CHAIR—That is what we are trying to come to grips with. We have a problem here with bank branches closing, not only in country areas but also, as Mr Willis will tell you, in the suburban areas. Therefore it is getting harder for people such as your clients to get their payments. I am just wondering who is going to be responsible for saying, ‘Hey, listen, we have got to find some way of making sure they can get access without paying these exorbitant fees.’

Ms Treadwell—We have certainly, at a strategic end, had discussions with the Office of Government Information Technology and the National Office of Information Economy in terms of looking at a whole of government framework for the use of smart cards. We are certainly seeking some direction or guidance, I suppose.

CHAIR—Maybe I can put it another way. Has anyone taken a decision saying, ‘We are going to have to find an alternative—let’s find it’? Or are you saying, ‘No, we’ll hold back, we’ll just use the existing systems and try and patch it up so that it continues’?

Ms Treadwell—In terms of the banking issue?

CHAIR—Yes.

Mrs Fielding—In terms of the banking issue, as we said before, we have been talking to the Reserve Bank about options we may have, which might or might not include smart card technology. We are currently at the stage of awaiting a proposal from them as to how it might work. It is early days but we are certainly talking to them about what sorts of options we might have.

Mr WILLIS—As a sideline to that, I notice that you say on page 5 of your submission that the Reserve Bank raised the issue with you of having a basic banking facility for Centrelink customers.

Mrs Fielding—This is what we are talking about.

Mr WILLIS—The context was looking at the smart card. When did the Reserve Bank raise that with you?

Mrs Fielding—We have been talking to them just over the last few months.

Mr Wadeson—There was a meeting with our chief executive officer—it would have been three months ago—where they came down and presented that they were going to give us some sort of proposal. In a sense—

Mr WILLIS—They were going to give you a proposal?

Mr Wadeson—They are going to come back to us with a proposal, yes.

Mr WILLIS—So you are waiting on them to come back now?

Mrs Fielding—We have been talking to them in the meantime as well, fleshing out the logistics of how it might work.

Mr Wadeson—It raises some very difficult and interesting issues. In a sense, we are not very keen on establishing ourselves as a bank. It is not really the business we are in; and you would get some very difficult issues about interest and all sorts of things. In a sense, we could set up something for our customers that was

like a bank of last resort; and you have already said there might be others who can do that. I must say, though, that our view is that, should the banks really get into the fee business, we believe that the credit unions do sit there, and we have seen enough from the credit unions to know that, if the bank fees do reach a certain point, competition will provide some of those sorts of accounts for us. It would be our view, at the minute, that that would be the most likely option.

With the new technology, in a way, like everyone else, we thought that the banks were going to be the ones actually to push all the new technology out and that we could have come in on the back of that. The banks are 'tentative'—that was the word used before—but it is a matter of whether they are going to remain tentative or whether at some stage a bank or some other significant enterprise is going to say, 'We will put the infrastructure out there: you pay a fee and you are in.' That would provide an option. At the minute, it is fair to say that we cannot be totally committed to saying that this is the direction. We are relying on those other forms of direct credit to maintain the service.

Mr WILLIS—So are discussions with the Reserve Bank not coming to some sort of clear, conclusive point at this stage?

Mr Wadeson—We are yet to see what the nature of the Reserve Bank's proposal is. Whether it would be smart card dependent is an issue. One thing for sure is that it will be a matter that will have to go to government. It will involve financial outlays and a whole lot of other fairly interesting and novel issues. In some senses, even with our current system, if we give people a card with a balance on it—say that we give them a smart card with an amount of \$200 on it—they now go to their local green card machine, and we know that they do not take out the whole \$200: they take out \$100. Essentially, what is the status of that money then?

Because this is happening at a very local small level and they are very small amounts, it is not an issue; but you can see the sorts of issues that will emerge in the future, if you are really allowing people to leave their money in some senses with the Commonwealth in some sort of stored capacity. We are not a bank: we do not have a banking licence. Whether we want to become one is, I think, along with all those other issues, a matter for government in the future.

CHAIR—To come back to this point, if you have not progressed to an alternative, what are you going to say to the people who, for example, do not have access to a financial institution? They have got to pay \$1.50 to get a pension payment through the post office, for example. Are you prepared to consider the alternative of saying, 'We will give you an additional amount—say, \$1.50 times two or three per month—for your withdrawals'?

Mr Wadeson—That would be a matter for government. We would have to go to the government and say, 'This is the position we are in,' and the government would have to make a decision as to whether it was prepared to pay that amount.

CHAIR—But you must be hearing these complaints too. It is not just being said to the local member.

Mr Wadeson—As I said, with the replacement cheque matter, where we do get these complaints, we

are going as fast as we can to replace those with this card arrangement, where there is no charge for the person, and it keeps the person out of the banking branch. They only go to the terminal; they do not need to go into the bank. That is the area where we have faced real difficulties and, of course, cheques in remote areas periodically become problems. During the Katherine floods, we had all sorts of problems with cheques getting wet in the post office. We want to get out of the cheque business as quickly as we can.

CHAIR—Yes, but can I take you to this case? If you have not got an ATM nearby and you are living in a small town that does not have a bank, you can go to the post office and they will charge you \$1.50 to make a withdrawal through whatever financial accounts you have got somewhere in a bigger centre. Are you considering looking at some additional payment to that person, so that they do not in fact lose out because they are living in a remote area?

Mr Wadeson—At present, you get these replacement payments by coming in to the office.

CHAIR—No, not replacement payments: this is someone who has got—

Mr Wadeson—Generally, we are still able to keep these people; we do not have instances where we cannot keep people on direct credits, simply because they can arrange a bank account at the next biggest town that does have a bank and, largely, they usually go to that town for many reasons, including to withdraw cash.

CHAIR—Let us take the case of someone who is living 40 kilometres out of town in a small centre: they may not go to this other centre very often and, in any case, it is going to cost them quite a bit to travel.

Mr WILLIS—There might be a transport problem.

CHAIR—Yes: no transport. They have got an additional fee to withdraw their periodic payment.

Mr Wadeson—To be honest with you, I cannot give you examples of where we see that happening.

CHAIR—I can.

Mr Wadeson—They have not come to our attention. If we are going to say that these people have no alternative but to bank in that way, we could go to government and say, ‘This is what we think is happening.’ Interestingly, we do run into an issue with our overseas payments. In some countries—for example, in Holland—the cost of getting a cheque cashed is quite significant. A lot of these people have actually asked us not to pay them every fortnight. They have arranged to get a payment every few months, which means they get one big payment. We see this overseas; but, in Australia, the examples we have had have been more with people cashing cheques. The direct credit side, from what we are seeing, has not emerged as a significant issue yet.

CHAIR—We have no more questions. I do make the point that there are people who are now facing the situation where they have that extra cost, which effectively reduces their periodic payment. You are saying that, if we take it up specifically with you—which, I guess, we are doing in a way today—you are

prepared to look at it.

Mr Wadeson—As always, if we become aware that these problems are systemic and widespread, we will have to deal with the matter. That has always been our view of this situation. But, from what we see now of how the direct credit system works, there are certainly some concerns for us. With the ones you have touched on—the possibility of not having access at all, and the increased fees on low level accounts—at the minute we are reasonably confident that, within Australia, people are reasonably able to access these accounts.

CHAIR—Yes; but this inquiry is all about helping those who do not have that access, and that is really why I am pursuing it so much.

Mr Wadeson—Yes. If you are getting feedback like that, we would certainly need to, and are prepared to, pursue that.

Mr WILTON—There is one more question that I will go with, and that pertains to whether the use of the smart card for payments is an issue separate from the use of it for gathering information on your entitlements or on Medicare details or whatever. Are those two issues separate? Or are you basically trying to do everything at once and gather in information, as well as supply and encourage the use of the smart card?

Ms Treadwell—Within the industry, there is a view that smart cards come in two forms. One is the magnetic stripe one, which we are currently using for the electronic banking transfers, and that is where money is put on through the application and people have access. Then there is the more complex or sophisticated smart card, which has the opportunity to store information as well as offer financial transactions.

Technically speaking, you can put banking concessions, government information, individual identities and all those sorts of things together, and there is nothing holding us, the government, or industry from providing that. I was trying to say that it is not at the technical level that the issues arise: it is at the management level—whether in fact government or industry wants to provide that to customers. We were looking at where there are issues in terms of trying to avoid myriad cards coming out across Australia; so in fact the technical aspects avoid the fact that you can have multiple applications on a smart card.

Certainly, from anecdotal evidence and from international experience, you can have a banking facility on a government card that authenticates a person's concessions entitlement. The dilemma for us is that there have not been decisions taken, either by government or the government agency, as to how they might best deliver to their customer groups a service which we would be happy to proceed with, because we realise that any of their new and emerging technologies can facilitate access to service information and certainly payments in a way that is speedier and quicker than the ones they would have to rely on with the existing facilities. Again, it is not the technical aspects that are the problem. It is the policy and business requirements that need to be expedited in such a way that we can then deliver that service.

CHAIR—We have probably covered both these areas, and so I thank everyone for appearing before the committee today.

Resolved (on motion by **Mr Willis**, seconded **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 11.50 a.m.