



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Reference: Regional banking services

PERTH

Monday, 13 July 1998

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Members:

Mr Hawker (Chair)

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

Matter referred to the Committee:

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

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

WITNESSES

ADAMS, Mrs Judith Anne, President, Women’s Section, State Councillor, O’Connor Division, Liberal Party of Australia, Suite 2, 431 Great Eastern Highway, Redcliffe, Western Australia 6104, and Councillor, Australian Healthcare Association, National Rural Health Alliance, 1st Floor, 4 Campion Street, PO Box 280, Deakin West, Australian Capital Territory 2600	583
CHAPMAN, Mr Trevor David, Regional Development Consultant, Western Australian Municipal Association, PO Box 1544, West Perth, Western Australia 6872	571
COLE, Mrs Carolyn Annette, Clerical and Accounts Officer, Dryandra Frail Aged Hostel, Leake Street, Kellerberrin, Western Australia 6410, and Member, Kellerberrin Division, Liberal Party of Australia, c/- O’Connor Division, Suite 2, 31 Great Eastern Highway, Redcliffe, Western Australia 6104	583
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PECH, Councillor Kenneth Ernest, President, Western Australian Municipal Association, PO Box 1544, West Perth, Western Australia 6872	571
PEPPER, Mr Christopher John, Chief Executive Officer, Shire of Dumbleyung, PO Box 99, Dumbleyung, Western Australia 6350	571
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TAYLOR, Mr David Arthur, General Manager, Business Banking, BankWest, 108 Saint Georges Terrace, Perth, Western Australia	594
WELLER, Mr Gregory Bernard, Chair, Rural Policy Committee, Member, O’Connor Division, Liberal Party of Australia, Suite 2, 31 Great Eastern Highway, Redcliffe, Western Australia 6104	583

**WRIGHT, Councillor Rodney William, Deputy Shire President, Shire of
Dumbleyung, PO Box 99, Dumbleyung, Western Australia 6350 571**

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON FINANCIAL
INSTITUTIONS AND PUBLIC ADMINISTRATION

Regional banking services

PERTH

Monday, 13 July 1998

Present

Mr Hawker (Chair)

Mr Causley

Mr Wilton

Committee met at 9.08 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 being delivered through the traditional bank branch network.

The committee has been extremely impressed with the quantity and the quality of submissions. We have now had 123 submissions since the inquiry began. They have come from every state and territory in Australia, and we have been endeavouring to meet with as many of the people who have provided submissions as we can. Already the committee has been to country Victoria, Tasmania, South Australia, and has had a number of hearings in Canberra. We are intending to have three days here in Western Australia, go on to Darwin and then, in two weeks time, we will be continuing in country New South Wales and Queensland. It has been an all-embracing inquiry. The parliament is very keen to progress this inquiry to see what we can do for regional Australia.

CHAPMAN, Mr Trevor David, Regional Development Consultant, Western Australian Municipal Association, PO Box 1544, West Perth, Western Australia 6872

PECH, Councillor Kenneth Ernest, President, Western Australian Municipal Association, PO Box 1544, West Perth, Western Australia 6872

SCHEGGIA, Mr Wayne Francis, Director, Policy and Advocacy, Western Australian Municipal Association, PO Box 1544, West Perth, Western Australia 6872

PEPPER, Mr Christopher John, Chief Executive Officer, Shire of Dumbleyung, PO Box 99, Dumbleyung, Western Australia 6350

WRIGHT, Councillor Rodney William, Deputy Shire President, Shire of Dumbleyung, PO Box 99, Dumbleyung, Western Australia 6350

CHAIR—Welcome, gentlemen. I remind witnesses that the evidence 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 parliament.

The committee has received a submission from the Western Australian Municipal Association, No. 66, and a submission from the Shire of Dumbleyung, No. 8. Would you like to make a brief opening statement before the committee proceeds to questions?

Councillor Pech—Thank you. The Western Australian Municipal Association represents all local government councils in Western Australia as well as Christmas Island and Cocos Island. It is the peak body for the Country Shire Councils Association, the Country Urban Councils Association, and the Local Government Association which is the metropolitan based organisation for local government. We represent all those organisations and we are very grateful to be here today. The only material that we have, and I know you have a copy of it, is the submission that we put in, and we would appreciate the opportunity to be able to speak to that.

CHAIR—Please proceed.

Councillor Pech—Since the banks have gone on to a program of downsizing and retracting their services from the smaller country towns, and also from some of the suburban areas of the metropolitan area, there has been a big reaction to that, particularly in the country areas. The banks do not realise the ramifications of their actions, particularly when a town might be between 50 and 100 kilometres from the next bank. That has been one of the real big issues. I know that it would have appeared in Dumbleyung's submission, but the fact that some towns have no bank and so the people have to go to another town for their banking means there is a severe cash crisis in some of those country towns because no-one wants to carry huge amounts of cash. Those towns actually run out of cash. For example, I was told by the Shire President of Ongerup that

they run out of cash on some days.

There is also the security problem associated with having to transfer money. When the local workers get paid, the first thing they want to do is cash their cheques to pay for their groceries and other things that they have to buy. Someone has to carry that cash. I know that with the new technology there are a lot of opportunities for on-line payments and so on but that does not help people who have to have cash. That is the reason why we felt it very necessary to make a submission.

There has been a list drawn up of banks that have closed or downsized. If you are not aware of that, perhaps that could be helpful to you? It is probably not complete because I know of a couple more. For example, in Gnowangerup they have downsized. My own bank manager tells me that they withdrew the manager from Gnowangerup and that branch is now being managed from Katanning. He says that the new manager cannot get around to service his clients in that part of the state.

The other thing that I have been made aware of is that banks are not closing because bank branches are losing money, it is because they are not making as much as they feel they ought to. Banks are showing that they do not have the responsibility that they should have.

CHAIR—Is it the wish of the committee that the document be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

CHAIR—What date is that from?

Mr Chapman—That has been collated in the last couple of months. If I can just say by way of clarification, we had a fair bit of problem getting that information from the bank. As you have just said, it has already identified a couple more branches that have closed but are not on that list. There is a certain reluctance from the banks to actually provide that information. We have been working in association with a state government inquiry as well—that is, the Max Trenorden led inquiry into the financial services task force. They too have had similar problems. We have liaised with them to try to make sure we get a reasonably accurate list of banks that have closed, but that is not 100 per cent correct.

CHAIR—How many more do you think?

Councillor Pech—I know of two in my own town that have actually downsized. They have not closed, they have downsized. They have taken a manager out and they are now closed for lunch and are down to three girls in the bank instead of having a manager who can actually make decisions about finance.

CHAIR—We are meeting with Mr Trenorden in Northam this afternoon.

Councillor Pech—That is good.

CHAIR—You made a number of points in your submission. You talk about more community consultation. You are probably aware that the Australian Bankers Association came before the committee 10 days ago for the second time and did put forward what they called their seven-point plan on how they might consult further with communities before taking a decision on giving a minimum of six week's notice before closure of a bank branch. Also, they were looking at how they might continue to provide some form of service where the last bank branch closed down. Have you got any response to that?

Councillor Pech—I can quote from personal experience in a small town within our shire, Ongerup. The first idea that anyone had that the bank was going to close was that the regional manager got in touch with the shire president and said, 'Your bank is going to close next week.' That happened 12 months ago. I suppose I have to throw this question back: is consultation telling you it is going to close or is it asking whether you want it to close or how we can get around it?

In that particular town, nothing has replaced that service. The businesses have had to make their own arrangements. It certainly has not fixed the cash problem. The local store has actually had to get an EFTPOS machine in, but they still have to travel in excess of 50 kilometres to and fro to get cash.

Mr Scheggia—This is one of the points that really starts to concern our association

and the small communities that a lot of our councils represent. What we have here is a changing technology in the way banking is done. It is not an issue about negotiating whether a banking service will remain in its current form in a town; it is about how that new technology will be introduced. The capacity for a lot of our small towns to respond to those new technologies is very limited, given that the technology is not actually in place in many instances. To talk about SmartCards as alternatives to cash is not really a viable discussion as of July 1998 in rural Western Australia, yet the closures are actually taking place now. So we have this lag between the application of technology and the actual capacity for people to take it up. In talking about how Bankers Trust and the like want to consult with communities, I understand that that is the context in which the changes are taking place.

CHAIR—It is the ABA, not Bankers Trust.

Mr Scheggia—The ABA, sorry.

CHAIR—Has the Western Australian Municipal Association had discussions with any of the banks about what has been happening and how you are expressing your views to them?

Mr Scheggia—We have certainly expressed views to the banks. I think it is fair to say that the banks really have not been, to my knowledge, expressing a great desire to negotiate and talk in a crystal ball context about how the future of banking is changing. I think they see it very much as a corporate decision making process for which there is not necessarily a very strong public and governmental role from the local community.

Mr CAUSLEY—They say to us, though, that unless they change their way they are going to go broke because the competitors are driving them. They have to reduce their costs because of the competition in the marketplace.

Councillor Pech—I have difficulty believing that, because I know that the banks in rural and regional Australia rely on primary production in the main. There is probably some manufacturing industry but I know what those industries have put into the banks and I know what I am personally putting into those banks at the present moment, and there is no way in the world that they would do anything that is going to indicate that they are going to go broke. They might not be making as many profits as they would like to make, but they certainly are not going to go broke. Even the country arm is not running at a loss, and the manager in our area has told me that. He said it is just that they want to maximise the profit. So that is where we get a certain amount of cynicism from. I suppose that is hearsay, but I think it has a certain amount of credence.

Mr WILTON—Mr Pech, to what extent do you think rural shires are in a position to provide leverage to non-bank financial institutions by transacting their business with those institutions? Does the association have any policy whereby it encourages its member

councils to do that?

Councillor Pech—We are looking at a whole variety of options and that is part of the reason we have had Trevor consulting for us and working with Max Trenorden's group—to see if we can do it another way. I know that some of the stock firms such as Elders Pastoral and Wesfarmers do supply certain banking facilities, but that is more for their corporate clients. It does not help us out with the other issue of the workers out there—the people who need to be able to bank their weekly cheque—the shearers, the shire workers and all those people.

Mr WILTON—To what extent has it been only the townies—if I can use that term—who transact with the local branch, as opposed to the farmer, who may undertake his banking at a bank quite distant—even in Perth?

Councillor Pech—I admit there are a few who do that but there is a lot of local support for a lot of those banks there. The West Australian Municipal Association have looked at trying to set up a system where the shires would run some sort of banking set-up, but it is just not viable because we do not have the backup behind it and it is not our core business. I suppose that is what I would have to stress: it is not our core business. We do not see that the councils should be doing that, but we are trying to assist. Some of them are looking into the viability of getting EFTPOS machines.

CHAIR—I understand at least one of your members has set up an agency, up at Wyndham; is that correct?

Councillor Pech—Have they?

CHAIR—We are going to see that tomorrow.

Councillor Pech—Right.

Mr Scheggia—I think there are a number of arrangements that certain councils have looked at. The idea that Councillor Pech is referring to is the notion of the association, WAMA, establishing a bank and running a rural bank based in local governments. We are not in the business of banking and I do not think, in this day and age, that it is a reasonable step forward to solve what is essentially a cashflow and service issue in the banking sector for the community. What are reasonable steps are things like promoting credit unions, building societies, agency arrangements, different deals through Australia Post and their electronic facilities. That raft of options has been explored to greater or lesser extents by the individual councils, and it has certainly been promoted by our association as an option for them to pursue.

I think what we are fundamentally concerned about is the withdrawal of a major presence within the social and economic fabric of our rural communities. That is what is

really going on and these institutions, for years, have taken substantial profits from those communities. We know the nature of banking has changed, not only in the way they deliver their services but also in the way they are structured and the business approach that they take now as opposed to the service philosophy that they pursued in years gone by.

What we are seeing now is a greater dedication to total and absolute profitability over and above the notion of service and community responsibility, yet I think they have drawn heavily on the social capital of rural communities in the past in order to develop that profitable base. If you are looking for a way forward from here, I do not think we are the sorts of people who would promote a return to the 1950s and 1960s banking approach. We recognise that these technologies and these changes are taking place. Some sort of appropriate mechanism for the transition needs to be set up and I think that is where it could be recognised that the banks need to repay some of that social debt that they have incurred with the rural communities by perhaps contributing to some sort of significant fund that the government could administer for regional and rural communities in order to help them with the technology transfers and with the growth and development issues that impact on them at this regional level as a consequence of the withdrawal of not just services but families, human beings from those country towns. Those withdrawals of people start to affect the threshold viability levels for not only other private businesses but also government services.

In part of the conversation we had before this meeting started, we recognised that across Australia there is great diversity in what you might generally term a country town. For instance, in Victoria and New South Wales, a country town might reasonably be 15,000 or 20,000 people.

CHAIR—There are a lot of smaller ones, I can assure you.

Mr Scheggia—Absolutely. Being an ex-pat Victorian, I understand the breadth of population distribution. Certainly in Western Australia, your average rural town is a far smaller unit economically and socially than in many other places. Thus the consequence is that much more immediate when these withdrawals of services and the population that support them happen.

CHAIR—I do not want to interrupt this line of talk too much, but I will give Mr Pepper and Mr Wright the opportunity to give a quick opening statement if they would like. You have probably picked up the gist of the discussion that is going on, but I think you did have some special views about the question of new bank and local government.

Mr Pepper—It started back on 13 August 1993 when our one and only bank left the town. It caused all sorts of problems when people had to leave the town to do their banking. It caused them to do their shopping out there as well, so there was that effect. But it also has a problem with older people in the town. The demographics show that

people in country towns are getting older and they are having to travel and they do not really like to do that.

We looked at agencies, super agencies, ATMs and building societies, and it all came down to the fact that there was just one bank you could deal with. GiroPost put a lot of conditions on the local post office and he could not proceed with that. That was only personal banking, as well.

There was a very simplistic view, but sometimes the simple ideas work the best. That idea was to create a local government bank. There are quite a number of local authorities throughout Australia that have had their banks removed. At any one time, the resources of these local authorities are quite substantial. To establish a bank of inquiries with the Reserve Bank, they would need about a \$50 million deposit with them, which I do not think would be big trouble in view of the number of local authorities concerned. The reason for working a new bank was that it would be a bank owned by the people, as the terminology goes.

CHAIR—Are you aware of the community bank development in Victoria by the Bank of Bendigo?

Mr Pepper—Yes, I am very much aware of that. I am not sure how the profit sharing basis goes on that. I was suggesting a bank owned by the local authorities because of the state of self-insurance at the moment in this state and also in South Australia. There has been the establishment of the workers compensation and public liability side of insurance. It is standing on its own feet after five years with local authorities. It is returning quite a bit of profit back to the industry by way of lower premiums.

CHAIR—I do not want to get too sidetracked but, on that point, do you reinsure most of the liability or do you carry it all through your own organisation?

Mr Pepper—Originally, it was underwritten, but I believe it is going to stand on its own feet this year. So it will not be reinsured at all.

Councillor Pech—I could answer that because I am on the board. We do reinsure that, but it is a very successful scheme.

CHAIR—Thank you for that. Mr Causley had another question.

Mr CAUSLEY—I was going back to the idea that you put forward that the banks have a social responsibility to the community and, therefore, there should be some payment made into a fund. How could you just single out one section of the financial institution area? What about the mortgage originators, who are the ones driving this at the present time? Wouldn't that just put the banks at a further disadvantage?

Mr Scheggia—In considering that issue, what we have got is a sector of the economy basically that is changing. If any organisation has delivered those services into rural communities, extracted a substantial profit and utilised, if you like, that social and community goodwill to develop such a substantial portion of business and if it then begins to withdraw that infrastructure from the area, I think you could argue a case for its inclusion—so not just necessarily the five or six major banks. If there are financial institutions that would equate to that sort of effort and the application of those technologies and the impacts in the same way, I guess there is an arguable case that such a fund ought to be established and be inclusive of those bodies. Having said that, it is the major banks which are the impactors.

Mr CAUSLEY—How would that fund deliver services? Surely there is a limit to what can be delivered. You are saying it is a stopgap until technologies come in.

Mr Scheggia—The concept I am suggesting is that we have a major deficit occurring in rural towns that is not just an issue of cash flow; it is an issue of break down of the small rural communities, a major catalyst for which is the withdrawal of cash. There is strong talk federally and at the state level at the minute about, if you like, the neglect of the rural and regional sectors within Australia in recent history and the need for that to be addressed. I think the banking institution withdrawal is a major part of the development of those rural and regional problems and, therefore, ought to be directed towards that sort of solution for the rural and regional areas. It does not necessarily mean the provision of an ATM for every regional community, but a fund should be established for the development of regional initiatives which reinvigorate the rural sector, not necessarily directed at simply cash flow solutions but solutions which bring population back to the regional centres, bring low local economies and let local areas create solutions in terms of economic growth that solve their own problems.

CHAIR—That is a pretty all-embracing idea. I am wondering how we can single out banking services rather than get into the wider issues.

Mr CAUSLEY—Would you subsidise a particular bank to stay in town, for instance, with a community service obligation?

Mr Scheggia—Would the council do that?

Mr CAUSLEY—No, this fund that you are talking about. Would it then encourage a bank to stay in town by topping up its profits with a community service obligation? Is that what you are looking at?

Mr Scheggia—No, that is not an issue that we have considered. All we have considered at this point is the notion that there is a deficit in community goodwill towards the banks. The banks have drawn substantially down on community goodwill to establish the basis of their profitability and now they are abandoning that sector—

Mr CAUSLEY—I understand all of that but what can be practically? I understand the philosophy of what you are talking about and where you are coming from, but I have to say to you that it would not work.

Councillor Pech—The practicalities are that one of the main problems is the shortage of cash. If there was a system—such as ATMs—in these towns where the banks have been taken out, it would go a long way. That is part of the problem—the shortage of technology at the moment. The argument that is put up is that they are too costly to service and install; but the banks should have some community service obligation to maintain some sort of infrastructure there to be able to continue.

If they choose to put someone in a car and run them 250 kilometres out to service their bigger clients—that is probably a decision they are going to make—but it is the small towns—anywhere between about 400 to 1500 people in size—that banks are coming out of in Western Australia at the present moment. Wayne touched on that earlier. But the difference between here and Victoria and probably a fair bit of New South Wales is the distance that you have to travel. You can not get in a car and go anywhere that has a substantial centre in Western Australia under about three-quarters of an hour.

Mr Chapman—I think, in terms of the community service obligation that Wayne is referring to, that at the moment when a bank closes they literally close the doors and they leave the town and that is it. That community is left without the service and, often, without explanation or the knowledge to use alternative technology. We are saying that in the gap between now and the future—when there will be a more even spread and use of that technology—they should do something not so much to financially compensate that community, but to compensate them by way of a service. Instead of just leaving, what can they do by way of an alternative? At the moment, the search for an alternative is left with the community, not with the bank. To a lesser extent, it is with the government, but, at the moment, it is the community that suffers and the community that asks, ‘What can we do?’ They are searching for an alternative solution.

That is what this inquiry and the state government inquiry are about—as well as many of the recommendations that come out of *The withdrawal of banks from country towns* report. It is very much about looking for alternatives; but the alternatives are not going to come about naturally. They are going to need some financial help, they are going to need some organisational help, they are going to need some help as regards knowledge. The best people to provide that are the banks. They are the ones who have been running the service. They suddenly leave. We are saying, ‘Give us an alternative.’ That might well be an agency, a joint venture with local government or a telecentre, or another agency completely—but give us an option. We have got several examples from the findings of that report where a bank has closed in a country town and that is it. Suddenly there is no financial service as such and there is no money floating around a community. It is left to the local deli or the local roadhouse or whatever to assume what once was a banking service. Suddenly the deli operator at Mullewa or some place is doing 200 transactions a

day on EFTPOS, providing cash to the residents of that community for which he gets no payment. In fact, he is charged to provide that service by the bank and he is actually doing what we all assume to be a bank service—that is, the provision of cash from accounts.

Mr Scheggia—I would add to that the suggestion that a six-week consultation period might be a new initiative as a precursor to a closure. I think Trevor's case illustrates, perhaps, the inadequacy of six weeks in which to plan community solutions to those sorts of closures. Communities need a substantial lead time. I acknowledge that there might be certain competition issues associated with banks releasing too much in advance their plans about branch closure and operations, but I think in terms of community service and the survival of some of these country towns, six weeks is not a substantial enough period in which to negotiate alternatives.

CHAIR—In your opinion, what opportunities are there through giroPost to replace some of these services, particularly if it were to be expanded?

Mr Scheggia—My understanding of giroPost is that it still has a limited availability, particularly across rural Western Australia where there may not in fact be an Australia Post service within every one of those country towns. So, again, it is a partial solution, as is the establishment of credit unions, because they are still financial institutions and they still require certain thresholds, albeit less than banks, to operate. So there is no one solution; there is an amalgam of issues that can provide some solutions.

Mr Chapman—I think that is an important point—to bring all those different areas together.

CHAIR—Time is going to get away with us. Mr Pepper, do you want to add anything to the discussion we have been having here?

Mr Pepper—Just to say that I feel that a community bank could be established. Why put all these obligations on existing bankers? I do not think they are going to come at that because they are profit oriented. They make a decision and they put it into effect right away, whereas we would be offering a community bank with branches throughout Australia, being the shire offices, which could offer both personal and business banking—especially the business banking to our own industry, with personal banking as a service to the community.

CHAIR—Thank you.

Mr Chapman—Could I just make one final comment about the consultation process?

Mr Pepper—Possibly one of the main problems with banking in the communities

is cash, both cash coming into the community and cash going out. This put quite a bit of pressure on our community, with several businesses running trips once, twice or three times a week to their local banks in other towns. If they had a centre where they could deposit and withdraw cash within their community, I think it would be a very big step in the right direction for helping the community maintain a lot safer and better environment for everybody.

CHAIR—Thank you very much for that. Unfortunately, time is going to get away from us, and we have another group to come before the committee. So can I thank you all very much indeed for your presentation and for the submission, which has been very valuable for the committee's work, and thank you very much also for coming in and for being on the telephone. That is a new development for this committee—to have witnesses both in front of us and on the end of the line, but that is progress.

Mr Pepper—Thank you very much, David.

[9.45 a.m.]

ADAMS, Mrs Judith Anne, President, Women's Section, State Councillor, O'Connor Division, Liberal Party of Australia, Suite 2, 431 Great Eastern Highway, Redcliffe, Western Australia 6104, and Councillor, Australian Healthcare Association, National Rural Health Alliance, 1st Floor, 4 Campion Street, PO Box 280, Deakin West, Australian Capital Territory 2600

COLE, Mr Alan Geoff, Senior Vice President, O'Connor Division, Liberal Party of Australia, Suite 2, 431 Great Eastern Highway, Redcliffe, Western Australia 6104

COLE, Mrs Carolyn Annette, Clerical and Accounts Officer, Dryandra Frail Aged Hostel, Leake Street, Kellerberrin, Western Australia 6410, and Member, Kellerberrin Division, Liberal Party of Australia, c/- O'Connor Division, Suite 2, 31 Great Eastern Highway, Redcliffe, Western Australia 6104

WELLER, Mr Gregory Bernard, Chair, Rural Policy Committee, Member, O'Connor Division, Liberal Party of Australia, Suite 2, 31 Great Eastern Highway, Redcliffe, Western Australia 6104

CHAIR—I welcome Mr Alan Cole, Mr Greg Weller, Mrs Judith Adams and Mrs Carolyn Cole from the O'Connor Division of the Liberal Party to today's public hearing. May I just remind you for the record that the evidence that you give at the public hearing today is considered to be part of the proceedings of parliament. The giving of false or misleading evidence may be considered a contempt of parliament. The committee has received a submission from you, No. 114. Are there any materials you would like to table?

Mrs Cole—We already have.

CHAIR—Is there any opening statement that you would like to make before we proceed with questions?

Mr Cole—Have you read the submission or not?

CHAIR—Yes.

Mr Cole—You have. If you wish, I can say a little about the submission I have prepared. If not, we can go straight to questions, whichever you prefer.

CHAIR—We have an additional one, which is received as evidence and authorised for publication, so maybe you could just give us a quick statement.

Mr Cole—As you will have read, I was requested to do a submission from the Kellerberrin Shire to Peat Marwick regarding services in our particular town and shire. At

the time, I was not aware that it was to do with the Bankers' Association, but I had a reasonable inkling from the questions that were there that it would have been. I gave an outline of how Kellerberrin had progressed or otherwise over that 20-year period.

Before it was actually made public and what have you, I received a letter from them, which I cannot find, unfortunately, which effectively said, 'We've already found out from looking at phone books from, say, 20 years ago and now what has happened to Kellerberrin town and shire, and what you have written confirms that.' I would have to question that sort of a view, and I will give you a fairly simple example of one particular business.

I think I quoted there being two engineering businesses in Kellerberrin 20 years ago and one now. In actual fact, 20 years ago, I bought a seed and fertiliser bin from Greg Cole, and Greg made six of them that year. The other engineering business has now gone. Greg is still very much there. Probably at the moment, if Greg does not make two bins a day, he gets stropic. So to say that you can judge how the economics of a town have progressed by looking at phone numbers is really laughable. In actual fact, Greg has increased his range of farm machinery. He has gone into campervans. He has even had a bit of a crack at the soft drink market. So that one particular business has expanded immensely.

Also, there used to be two silo manufacturers. There is now one silo manufacturer, who is probably the biggest one in the state. He goes to Tasmania and makes silos there, et cetera. That applies to a lot of other businesses. The economic base of the town has increased immensely while the population might have declined. That is probably true of quite a lot of country towns, not all of them but certainly a lot. So I feel that, if that is the focus that is being used—that, yes, the economic base as well as the population is going down—people will lose sight of what sorts of services are required for those towns.

In our town, since that survey, the Challenge Bank has announced a closure. It was initially to close in June, then it was to close in July and it has now announced that it is staying open till August. I guess there are a couple of reasons why it has done that. Firstly, quite strong competition has hit them from non-traditional banking, particularly through the stock firms and what have you, which is certainly starting to cut into their business. They know that, if they close the branch, they will lose a lot of business. So things are starting to change, and I would think in the future that will continue to be the case. I think the competition is starting to get there that will fill those vacuums.

There are other things that I would be concerned with in that area. In the long term, I think most things will be solved, but I would be concerned that perhaps locking particularly non-traditional bank services into providing what are traditional over-the-counter services, or whatever, would probably be detrimental in that it would restrict competition and probably not allow those voids to be filled. I think everything else is in the submission.

CHAIR—Would anyone else like to add something or talk about other parts of the submission?

Mr Weller—I will raise some other areas at a later time.

Mrs Adams—I have possibly approached it from a different way with a wider focus. I am a member of the National Rural Health Alliance and that body has 19 rural organisations ranging from the Country Women's Association to Isolated Parents. All the members of these organisations live in rural and remote areas. I have done quite a large canvass of the O'Connor electorate, which is quite remote and rural. We have a lot of trouble with the definition of 'rural', 'remote' and 'regional'. I will not go into that.

I have come up with solutions that I can see from discussing this with all the people whom I have contacted. Equity and access of banking services for regional, rural and remote Australia is terribly important for the people living out there. Banks should be required to meet the same community service obligations as Telstra and Australia Post. That is a very important thing. If the a community service obligation was introduced, the government would have to take responsibility to ensure the provision of a reasonable level of banking services in regional, rural and remote Australia.

I would like the committee to explore the model of common bank branches—where major banks would have staff and resources in one building—and whether this is feasible. However, after speaking to several of the pharmacists from the Pharmacy Guild, they feel that this is something that really could be done. When we have had two or three banks, why can't we just have the one bank? That will deal with the problems of security, having large cash amounts in communities, break-ins and all those sorts of things which are starting to associate with the banks disappearing. The premises which are known to have money with an EFTPOS or whatever are the ones that are being targeted and it is happening more and more.

If we cannot have that one bank, the Prime Minister has announced that he will not stop any of the services provided by Australia Post. Therefore, if we cannot have a bank, perhaps we can look at how they can have a one-stop banking service that will contain all the major banks, and not just what they have at the moment.

There should be an increase in electronic banking facilities in areas without banks, the provision of education to the community on the use of the system and a reduction in charges for the inconvenience. In some of the remoter areas where the Aboriginal populations are, electronic banking and plastic cards are a nightmare for the people who have to work in those areas. If we cannot have anything else, surely somewhere along the line they can sort out some education for the people out there. Also, the elderly are having a lot of trouble with it, but Carolyn will elaborate on that.

Banks must show responsibility for the community before they shut their doors. I

come from Kojonup and the Challenge Bank has just shut down there. We have two other banks, but another one looks like it may go, too. Challenge did give the community a lot of time to accept the fact that they were going and they also had a lot of consultation.

CHAIR—How much time?

Mrs Adams—It would have been nearly three months for us. I felt that was good, because it did give us an opportunity to change accounts. Unfortunately, a lot of people then went to Perth with their accounts, rather than going to the other banks, because they felt that they had that affinity.

In farming communities, as the farm has been handed on, so has the bank. This is what they cannot seem to get to grips with having to change. The problem is that they change and then that next bank decides it is going. We have been very fortunate that we have had three banks, but I do not think we will have three for much longer. The pharmacist has taken up the agency for Challenge at the present time, but they are wondering whether they will keep that going.

Mobile banking is another way. We have had mobile banking service throughout WA and other areas have had the same. Regular visits by the banks' financial advisers is probably one of the most difficult things. You can handle telephone banking, but it is very difficult to speak to someone hundreds of kilometres away about a loan situation in a rural community if they have never been outside the metropolitan area. If we cannot have a bank and if we have to deal with a bank a long way away, it is important that these people are available and do make the effort to come out—and do not just isolate rural communities.

The last thing is the office of rural communities, which actually arose after the National Rural Health Alliance had a week's meeting in Canberra two weeks ago. We spoke to a large number of politicians with different portfolios so our end result was lobbying the federal government to establish an office of rural communities. Through doing that, we feel that a lot of the portfolios' policies affect the rural areas, but people do not really understand what it is all about. We are down there, and on a map it looks like such and such is close enough, but the point is that it may take two or three or hours to get there. There is no public transport out there, so you really need someone that understands—I am not allowed to use the word 'bush'. I got told off; my friend does not like that, does she?

In practical terms, in Canberra, if there could be an office that coordinated the rural streams that ran across the portfolios, we feel it could be attached the Department of Primary Industries and Energy. It is just a suggestion and has come from quite a large number of people and all our bodies. It was something we put forward after that week—after all those discussions. The fact that Pauline Hanson probably has raised the rural profile has possibly helped the rural people. That is my effort. Thank you.

Mrs Cole—Mine is in the papers. The effects of bank closures on the elderly is mainly my concern. I work in a frail aged hostel in the accounts department. We are just changing over, with the Challenge Bank in Kellerberrin going to be closed. Some of the residents used to use bank books to keep a chart of what was happening with their accounts. Now they have to move to flexicards and are completely lost on what is happening. When it becomes an agency they will not be able to keep an up-to-date account of their finances because the agencies are not allowed to give you your account details of what you have got left. They will have to rely on using phone banking, and some of the residents do not have phones and need bigger numbers and other things.

As I pointed out, there are a lot of different things where having a bank in town actually helps the residents. They have trouble sometimes signing their own cheques. With the local branches, they are quite happy to let it go because they know that residents might be getting frailer, but, if you take it to a different bank, they do not accept it sometimes.

Safety deposit boxes are a major concern. At work we have had a couple of residents that have removed their safety deposit boxes from the Challenge Bank and taken their things out and are actually keeping them in their rooms because they do not want to travel to Merredin, because they have to rely on other people to take them there. It costs them money. It costs money anyway to keep their money or their personal possessions there, but they cannot get to it without relying on somebody else. So they are taking their possessions out and keeping them in their rooms or relying on us to keep them in our safe, which is not very large, and is a major responsibility on us. The thing that probably worries me is what it is going to affect—how it is going to affect the elderly and how to cope with letting them phase into it more easily, because it is very confusing for them.

CHAIR—In your case, you have lost the bank.

Mrs Cole—We are about to.

CHAIR—How big is Kellerberrin?

Mr Cole—It is about 1,300 or 1,400 population roughly. That is the district. The town is about 900.

Mrs Cole—Dryandra has 26 residents there—a maximum of 26 beds—and it is very hard because a lot of them are old and are used to doing their own banking and knowing what is going on, and are finding it very hard with just phone banking, et cetera.

Mr CAUSLEY—So where is the closest town?

Mr Cole—The closest with a bank would be Merredin. If you do not mind me saying so—

Mr CAUSLEY—How far is that?

Mr Cole—About 60 kilometres. The safe deposit situation is interesting because we took out our own business safe deposit material and we went to the National Bank and said, ‘Can we put it in there?’ They said, ‘Oh, no, you can’t, because you haven’t got an account here.’ But then the manager said, ‘Yes, you can,’ basically because they see us as having potential as a future customer. But someone at Dryandra who has got no potential as a future customer cannot put a safe deposit in there.

Mr CAUSLEY—The banks have been very frank with this committee and they have been up front in saying that in the next few years they are going to close more branches, so what is the answer? That is what we have got to come to. How do we put something in place that is going to give a service to these regional or rural areas?

Mr Cole—The thing to do is to leave things fairly flexible but point the finger at the things which are a problem, because I think they will be addressed. If we try to tie it up in red tape it will go nowhere and it will probably be detrimental. In our area, as I said, competition has come in pretty solidly. Certainly Elders, in particular, targeted Challenge farming customers quite solidly when the bank was going to close and has picked up an awful lot of business. In actual fact, the farming consultants have told people to go that way because they think it is a better deal, and I am one that has gone that way. As I said, that has delayed closure of that branch probably. It is certainly one of the factors that has delayed closure for two months now—longer than it was originally going to be. It is going to make banks look very hard at whether they should or should not close, or how they go about closing branches.

The other things are the factors that I have pointed out here: you need to encourage competition and you certainly do not want to tie services to over-the-counter services in any way, which is really similar to what Judith said about having a one-stop banking service. I do not care whether it is through post offices or what it is. If there is a potential to have as many agencies as is reasonably possible, there is going to be a degree of competition.

Dryandra has been offered desktop banking through Challenge. The overall package, as you would have seen in Mrs Cole’s outline, is more expensive than any other banking. But one area of it is quite costly. In-house banking is not a problem, but as soon as you go out of house with a funds transfer you are looking at 15 per cent. In my business, we would spend about \$300,000 on, say, fuel, fertiliser and chemicals. If you take 15 per cent of that, that is a lot of dollars. Certainly, if you were doing it, you would go about it some other way. You would not spend \$45,000 just for the love of doing it. That is a costing that is there to try to lock banking in-house as much as possible, and it is anti-competitive.

Mr CAUSLEY—I accept there is a hiatus. It was said earlier that we will come through this, but there is a hiatus at the present time. If you are talking about competition and about access, surely the Internet is the ultimate. Should we be doing more through the

government infrastructure fund to try to develop this as quickly as possible? Technically, you have access to every bank in the world through the Internet.

Mr Cole—That is probably right. Desktop banking, it seems to me—I have only looked at the demo disks from Challenge—looks quite effective. It is probably already there. The only concern I would have is that some of the costings do appear to be priced to lock people in-house. Really, if you have got to pay 15 per cent on payroll, it means that your employees have got to bank with the same bank. You cannot have employees—

Mr CAUSLEY—It is good business if you can get away with it.

Mr Cole—Good if you can get away with it. You should point the figure—

Mr CAUSLEY—Someone else may offer a cheaper service?

Mrs Cole—Yes.

Mr Cole—If it is as public as possible, and as competitive as possible, other banks will. I presume other banks are doing much the same thing. I do not know, but I would expect that they are.

CHAIR—That 15 per cent is on any use of it?

Mr Cole—Out of house transactions. We were stunned. The letter from them is in the submission. We questioned it and the local branch said, ‘We thought it was wrong and we’ve already checked it.’

CHAIR—That is certainly something that the committee is very interested to learn.

Mr WILTON—We have heard from previous respondents before the committee that some 45 rural shires in the west do not have access to a bank at all. What percentage of towns within O’Connor would have access to giroPost? What is it going to take to get people—as opposed to businesses that cannot yet use it—to use giroPost? If there is no technology out there at all, as we have heard this morning, the fear of it must be increased by the fact that they have never seen it anyway.

They talk about this thing called smart card or autobank which are things that they have never really seen. Has there been any discussion between yourselves and the banks to introduce any form of new technology? What percentage of people would use giroPost to transact banking business?

Mr Weller—This morning I was very interested to hear Max Trenorden—the National Party member for Avon who chairs the Western Australian banking investigation—talking about this very subject. One of the interesting things, that I was not

aware of until I heard him talking about it, was what has happened with giroPost. Under the original system there was the ability for the postal system or the post office to actually do a transaction. In fact, they were being paid \$4 per day to provide this transaction. What happened was that they reduced the amount of service they would provide, because the privatisation of the post office has caused people to run at a loss. That was the first thing.

The other thing is that from memory there are 68 shires in the O'Connor division. If you look at the percentage of shires that Ken Pech and others have talked about which have lost their banking services, we are talking about almost a 50 per cent loss of that banking service.

The area where I was farming was in the Victoria Plains shire. That particular shire only ever had agencies. It had the major banks that operate throughout Australia as agencies. They used to stagger their times, so that there was always an agency open at any given time, five days a week. The example is there. They have totally closed down. There are no longer any agencies operating in that region.

It is the same if you move further down out of the Victoria Plains shire into Goomalling shire. The last bank has just closed down in Goomalling shire, which means that you then have to go to Northam which is another 60 kilometres. In fact, you have a trip of around 80 kilometres to conduct banking. For instance, the Goomalling shire was one of the most affluent rural shires in Australia. It was quite amazing that the bank took that opportunity to reduce service. They believe the customers will stay with the bank because they do not want to change. I think they will find that, as technology moves along, people will change and they will change from banks. As Alan says, Elders, Wesfarmers and the merchandise, stock and station people—who are right out in the open as far as financial transactions are concerned—will become much more of a player.

The other issue that I wanted to touch on is giroPost. One of the problems that I see is that it comes back to the use of technology for the elderly. I regard myself as elderly; my eyesight is not as good as it was. For instance, I have great difficulty at night time accessing an ATM. It might seem strange, but I am six foot five and I have difficulty finding an ATM that I can adjust upwards. I am down on my hands and knees trying to see the blooming thing. People do not even think about that. You are virtually on your hands and knees, because you cannot adjust the ATM high enough to stand up.

Mr CAUSLEY—The new ones with the display panel are better, aren't they?

Mr Weller—Yes, they are a lot better. That is just one of the smaller things. There are not many people of 60 and 70 who are round about six foot five or six. But, conversely it goes the other way, and a lady of 75 who is of short stature cannot get it down. Not only that, but you can get a malfunction in it. The other matter I will raise is that, if you have ATM access in a rural community, you have to have somebody who can fix it when it stops, and you do not have them. So you have an ATM which is out until

Monday morning when the security people can come from wherever to fix it. You get enormous problems there.

CHAIR—On that point, do you have a number of ATMs which are stand-alones without a bank? Is that what you are saying?

Mr CAUSLEY—Are you talking about if it breaks down over a weekend?

CHAIR—Is it attached to a bank or is it a stand-alone?

Mr Weller—I have lived in the outer metropolitan area now for the last 18 months. In relation to what is happening in a rural community with an ATM, I cannot give you a clear picture on that. I do not know what has happened with the banks that have closed.

CHAIR—Does anybody else want to add to that?

Mrs Adams—As far as where I come from is concerned, we do not have an ATM at all, but we still have a bank. I guess that is fine, but what happens after that? We have EFTPOS, the supermarket and a roadhouse, but they are having to carry a fair bit of cash.

I would like to continue with the issue of information technology. I do think that will improve and access will get better in a lot of areas. From where I am, it is actually an STD call to get on the Internet. This is the problem at the present time. But for the future, as that improves, I do think that this situation will rectify itself.

CHAIR—We are working on that. The Senate is making it a bit difficult.

Mrs Adams—Yes, I know. You may notice that at the bottom of the National Rural Health Alliance submission we have suggested what to do if Telstra gets sold and what could happen to help rural communities.

The way I see the elderly problem is that, for the next 10 to 15 years—which is the age group that Carolyn is dealing with—for the people who have not been exposed to information technology, it is really difficult. As the baby boomer generation moves into the elderly age bracket, it will be a lot easier because they are familiar with technology. It is just this group of people at the present time. I have an 85-year-old mother who is having a terrible time. She is using an ATM. We have taught her, but they are petrified when they are outside that someone will come along. We have had a fair bit of media coverage on the elderly being attacked and it is not a very satisfactory situation.

I do think we are looking at a short-term problem and it will improve as technology goes on and people become familiar. It is the usual resistance to change, too, but it is frustrating when you have had something and then you lose it. That is where rural

communities feel very threatened.

Mr CAUSLEY—I am interested in your submission where you say that it costs \$4 to \$6 to cash a cheque. Is that for a business?

Mr Cole—In the original letter, yes, that was correct. In actual fact, I am quoting figures from Tammin, which is not too far from Kellerberrin, and that is a shire without a bank. They generally cash a cheque through an EFTPOS—a pay cheque or whatever it be—and they usually have to buy something as well. I think it is a minimum of a \$10 purchase.

Mrs Adams—Yes, it is \$10.

Mr Cole—It is fairly costly for some people in those sorts of situations to just cash a cheque.

CHAIR—Are you saying there is a fee as well as having to buy something?

Mr CAUSLEY—Yes, that was my question.

Mr Cole—I quoted what the service charge through the system would be. I presume that is correct, but I could be wrong.

Mr CAUSLEY—I used to cash cheques at my pub for 50c, so that must have been cheap.

Mr Cole—Yes, it probably was and it was different then, perhaps.

Mr CAUSLEY—It is not that long ago.

CHAIR—I am always very conscious of time in a hearing.

Mr Weller—Before we go into the private hearing, could I raise one matter? One of my concerns is the attitude of banks and the five-day clearing. I have two accounts with one bank, because when I lived just outside Moora there was only an agency of that bank there. The amount of time that it took for my cheques to be cleared when they were put into that system—because it operated through the postal system—was sometimes in excess of eight or nine days. We complained bitterly. That bank then enabled us, whenever a cheque went into that particular account, regardless of where, to have instant access and that cheque was cleared immediately.

When I moved down into the outer metropolitan area, I opened up other accounts. Strangely enough, we still have one account which is instant clearing regardless of where the cheque is from, but the other accounts are still on five working days. If it can be done

for one, I have grave difficulty in understanding why it cannot be done for all of them. It makes no difference whether it is a bank cheque or not; in other accounts it is not instant clearing. I think that is a total rip-off.

CHAIR—It is something the committee has taken up with the Reserve Bank. As of 1 July, speeding it up to three days has been instituted and, ultimately, they are hoping to get it down to 48 hours. I do not know how quickly that has actually been implemented, but certainly the Reserve Bank has been pressing the others to do it. There has been some movement, but I cannot give you exact figures at the moment.

Thank you all very much for your appearance. I understand that Mr Weller might want to make another submission on his own. Is that right?

Mr Weller—Yes.

CHAIR—Do you want to do that in private?

Mr Weller—Yes, I would like to do it in private.

Evidence was then taken in camera, but later resumed in public—

[10.31 a.m.]

McGURK, Mr John Arthur, General Manager, Consumer Banking, BankWest, 108 Saint Georges Terrace, Perth, Western Australia

ROBERTS, Mr Geoffrey Michael, Senior Manager, Distribution Planning and Development, BankWest, 108 Saint Georges Terrace, Perth, Western Australia

TAYLOR, Mr David Arthur, General Manager, Business Banking, BankWest, 108 Saint Georges Terrace, Perth, Western Australia

CHAIR—Welcome. May I remind you that the evidence that you give at the public hearing today is considered to be part of the proceedings of the parliament. The giving of false or misleading evidence may be considered a contempt of the parliament.

You have tabled a report and I have a resolution from the committee that your submission, to be numbered 125, be received as evidence to the inquiry and authorised for publication. Would you like to make a brief opening statement before we proceed to questions?

Mr McGurk—Yes, I would, Mr Chairman. I would like to cover three topics in this opening statement. Firstly, I will outline the main reasons why BankWest has changed the way it provides rural banking services. Secondly, I will explain the range of services currently provided by BankWest to rural customers. Thirdly, I will suggest some areas for further investigation with a view to improving the provision of rural banking services.

I will deal with the first topic briefly because I expect the committee wants to look forward rather than dwell on the past. Also, I am sure that the committee has already heard considerable evidence on the reasons for change in the provision of banking services in rural Australia. In BankWest's case, these main factors include the decline in population in many rural areas, and this is well documented; the trend for rural residents to travel to larger towns for shopping and related services; the trend towards electronic and telephone banking, and at BankWest these service channels account for 75 per cent of all customer transactions; and the competitive pressure on banks which has meant that traditional cross-subsidies are not sustainable. These matters are dealt with in some detail in our written submission and I will be happy to take questions on them later.

For now, I would like to focus on the second topic. Our view is that the range of services provided by BankWest in rural areas is second to none. We also believe that while branches are important and are valued by many customers, they are seen increasingly as only one of many points of access. Importantly, the alternatives to branches that are provided by BankWest include other face-to-face banking services. By way of statistics we have 36 branches and four part-time offices in rural Western Australia and we have 75 agencies in rural Western Australia. BankWest is a member of giroPost,

which has 2,600 outlets around Australia. In Western Australia, giroPost has about 270 outlets, 100 of which are in rural locations. BankWest also has 42 ATMs and 100 EFTPOS devices in rural Western Australia. It should also be noted that our customers can use virtually all ATMs and all EFTPOS devices throughout Australia. We have a fully automated telephone banking service called FastPhone, through which customers can pay bills, check account balances and recent transactions, transfer funds between accounts and order cheque books, among other services.

We believe that this range of services meets virtually all the day-to-day banking needs of BankWest personal customers across the states. Of these service channels, the most distinctive is BankWest's extensive agency network and, therefore, it would be useful if I expand on this point. The bank has used agents for a number of years and has constantly modified the number of agents, the services they offer and their location. They are typically located in a retail outlet such as a pharmacy, a newsagency or general store or, in some cases, the shire office. When the agency is established, BankWest provides an electronic banking terminal, a cash safe or other appropriate security, a cash float and 24-hour support through a help line, as well as training, signage and a service counter, if that is required. The agent is paid a commission for each transaction and generally benefits from having higher customer traffic in their store than they might otherwise have. The agent pays nothing to BankWest. The main costs they incur are insurance and a courier charge for their cash float. The magnitude of these costs can vary from agent to agent, obviously.

Most BankWest agents are known as authorised agents through which personal customers with passbook and card based accounts can perform most day-to-day transactions. We also have 32 super-agents in rural Western Australia which perform the same services as an authorised agent but, in addition, they accept manual deposits to business accounts and, in some cases, can cash BankWest cheques. Super-agents go a long way towards meeting the cash needs of businesses which do not have ready access to a bank branch.

Over the past year or so BankWest has closed a number of rural branches. In every case we established a super-agent in the affected town to ensure that there was a continuation of face-to-face banking services. In general, we believe that the use of BankWest agents, giroPost agents and other service channels give BankWest a very good coverage throughout Western Australia, in terms of providing transactional banking services.

Finally, I would like to offer some suggestions designed to improve the provision of rural banking services. At this point, however, I should also note that BankWest endorses and fully supports the proposals put forward last week by the Australian Bankers Association. I believe that we are already substantively complying with the ABA proposals, particularly by ensuring the provision of face-to-face banking services in towns where we close a branch.

BankWest suggests that the committee could investigate the possibility of Australia Post widening its banking services provided through giroPost, specifically including commercial transactions. Australia Post is a government owned business and the federal government has recognised the important social role performed by Australia Post. GiroPost has both an extensive national network and advanced electronic terminals which could enable it to provide a high quality banking service. For instance, it could provide same day credit for cheque deposits—something BankWest agents cannot provide at this stage. The committee could assess opportunities to improve community understanding of alternative channels. If BankWest's experience is to be noted, customers such as the elderly are shown how to use ATMs, EFTPOS and telephone banking services, and so they are more likely to embrace these options.

In addition, the committee could assess the ability of rural and remote communities to utilise online services. Internet banking is in its infancy in Australia. Only a few banks allow customers to perform transactions through the Internet. However, it is inevitable that online banking will become widespread and this could ease some of the problems now facing rural and remote communities. As part of this exercise, the committee could investigate any technical impediments to remote communities wishing to go online.

CHAIR—Thank you very much, Mr McGurk, for that comprehensive submission and the remarks to go with it. Perhaps we could start off with a question about when you allow an agent to take up the service. You say that they get a commission, but they do have other expenses. I know you said it varies from place to place—but in net terms, roughly, what does this actually mean? If, for example, I owned a newsagent or a supermarket or something, what would it mean for me if I wanted to become an agent of BankWest?

Mr McGurk—I think at this stage we cannot give a blanket answer to that, simply because each individual circumstance is difference. The commission that might be negotiated with an agent and the costs that they would bear would depend on the location, on the type of agency and on the other alternatives that are available. In general, I would expect that in every case, the agent would not be out of pocket. In fact, they would find it an additional income source for their business to operate an agency and take on that business on behalf of the community.

CHAIR—So how does this differ from the Bank SA agency system?

Mr McGurk—I am not sure I can comment too widely on the Bank SA agency system, other than to indicate that I think it is very similar to it. We use different methodology through the EFTPOS network to supply the terminal to that business customer. I believe that our approach is probably more flexible, in terms of the service that is provided to the customer.

CHAIR—What about backup in provision of cash—the bringing in and taking out

and storage of cash?

Mr McGurk—Again, that is obviously a very highly sensitive issue for everybody in the rural community. There are a number of different ways in which that is accomplished, depending, again, on the location of the town and the service arrangements that already exist there.

CHAIR—But does the agent have to carry that cost?

Mr McGurk—The agent has to carry the cost of the transport of that cash at the moment in the majority of instances—again, it will depend on the circumstances involved—and also the insurance for that.

Mr Taylor—We will generally supply the safe and the float. Many of these businesses generate their own cash so it is often self-feeding; but that is not always the case and the agent is then obliged to arrange for cash deliveries. I guess, as John was saying a little earlier, the commission structures do differ and that tends to reflect the additional charge that an agent might face for arranging cash delivery.

Mr CAUSLEY—Because it is in your interest, isn't it? On the one hand you are saving costs because you are using an agent to do most of the work that you might do. Secondly, it is also giving you access to a bank of customers that you can provide other banking services to.

Mr Taylor—Yes, certainly. We have tended to use super-agents when we have withdrawn from an area so that we can provide some ongoing service. I guess there is another element, in addition to what you have just outlined, and that is to continue providing customers with a service and reducing the dislocation, I guess, that comes from closing a branch.

CHAIR—With the provision of agents, that is virtually guaranteed when you withdraw a branch? Is that the—?

Mr McGurk—That has been our standard operating procedure and it is part of what the ABA are subscribing to and now putting as the model that they would like to take forward. We see it as the obvious decision to take when we close a branch.

Mr CAUSLEY—Is there any population base for an agency or a super-agency?

Mr Taylor—As I say, essentially we have used the super-agent where we have withdrawn from an area. That has been the basis of decision rather than—

Mr CAUSLEY—When you withdraw, is there a critical mass where you say, 'We can no longer continue to provide banking services.'

Mr Taylor—I think that is certainly one of the measures, but we generally look at our business, the trend of that business and the composition of the business. Those are the other elements that are taken into account when we review continuing direct representation in an area.

Mr Roberts—I think one of the important things to know is that when we withdraw from a location, we want to make sure that we continue to provide commercial transaction arrangements as well. That can certainly be facilitated through the super-agency arrangement.

Mr Taylor—I also think it is relevant to note that we provide passbook services through the super-agents as well.

CHAIR—What about transaction fees for other bank cheques and so on? We have heard that Challenge, I think, are charging a flat fee of 15 per cent. What sort of fees would you be charging?

Mr Taylor—Through the agency network?

CHAIR—Yes.

Mr Taylor—In fact we have interchange arrangements with two of the other big four banks to accept their cards through the agency; but our service does not extend beyond that to competitor's customers.

CHAIR—What sorts of charges would you have for another one of these two majors?

Mr Taylor—We actually charge the bank an interchange fee. It is up to that bank to recover as they see fit from their customer.

CHAIR—Can you tell us of what order that fee is in—\$1 or \$2?

Mr Taylor—ATM fees are generally around \$1.20. The fee—that is the interchange fee—is marginally less than that, but of that order. In other words, we bill the bank.

Mr CAUSLEY—You mentioned that those ATM services are available across Australia. But if you are accessing another financial institution, there would be a fee, wouldn't there?

Mr McGurk—If our cardholder uses another bank ATM or EFTPOS device, there is a fee associated with that, yes.

Mr Taylor—There are some exceptions to that in that we have an arrangement with what used to be the old State Bank network. They are not charged the additional interchange fee on that.

Mr CAUSLEY—Is that Colonial or State in New South Wales?

Mr Taylor—Yes.

Mr CAUSLEY—That is still current, isn't it?

Mr Roberts—And the Bank of Melbourne in Victoria and Bank SA in South Australia.

CHAIR—You mentioned the giroPost challenge. The committee has found that, while it sounds like a good alternative, one of the problems—which I think you have mentioned—is business or commercial banking. The other problem is—and I am not sure whether you have got full service; I think from what you said, you have—some of the majors will not agree to using giroPost because it is all or nothing and would effectively mean having an agent in competition with the local bank branch. What is your response to those two challenges?

Mr McGurk—I think, at this stage, the activity that we are proposing for giroPost works better in a community such as Western Australia where there are smaller towns and banks are generally removing themselves so there is not the same degree of competitive force operating there. Nevertheless, I would suggest that that has got to be part of the price that we pay to provide a service to the community.

CHAIR—So you see yourselves as having a community service obligation?

Mr McGurk—We see that, where we have provided a service in a community, we cannot simply walk away from that community without leaving some form of face-to-face activity in place that helps supplement that—whether that is done through our own mechanism, such as a super-agent, or whether we can provide that through a nationally operating service such as the giroPost. Those are our two alternatives. We would like to see the giroPost service extended so that it could take on business transactions as well.

CHAIR—In most cases, where you are looking at withdrawing a bank branch, is giroPost actually available in the local post office?

Mr Taylor—No, not always. In fact, we did persuade giroPost to extend to three of the towns that we were withdrawing from, which they did. I think there are still two towns remaining from which we withdrew but where there is no giroPost. Again, we installed super-agents in those towns and that really provides a full breadth of service.

CHAIR—On the commercial banking aspect of giroPost, have you had discussions with Australia Post on that?

Mr Taylor—Yes. In fact, we did have a trial going in Carnamah which is a country town in the wheat belt. They are reviewing their position on that—depending on the outcome of all sorts of other factors that are in the market right now.

CHAIR—When was that trial and what is the state of play with it? Is it still operating?

Mr Taylor—Yes, although they have given notice that they are going to withdraw that additional element to the giroPost service. We were, essentially, just trialling it in Western Australia.

Mr McGurk—The fact is that the Western Australian hierarchy of Australia Post would be keen to do some different things, but they are generally governed by organisational policy. While they may have done that trial, I think they also have tried to keep it very much contained—

CHAIR—They have tried to keep it fairly quiet from the east? That is encouraging.

Mr CAUSLEY—I would like to go on to a couple of other questions, Mr Chairman, if you don't mind. You mentioned new technologies and educating customers to the new technologies. I thought I picked up an implication that you believed it was a government responsibility, or some government responsibility. Surely it is your responsibility to educate your customers to get them used to your technology.

Mr McGurk—I think we all need to take steps, through whatever forums we can, to increase education about ranges of alternatives that exist for people and how they might utilise those. The banks—and I can speak most clearly for BankWest—put a lot of effort into educating our customers, through our staff, on utilising activities. Through media, going out to aged persons homes, et cetera, we have tried to educate people on the various alternatives and how to use them. We find that, once people are educated, a lot of the myths and concerns go away. We quite often hear concerns from people about standing in front of an ATM, and they are real if it is late at night. But there are many alternatives, such as EFTPOS, which are far more face-to-face, far more equitable and far safer. You are in a well-lit environment with people around, and you can withdraw cash along with purchases. I believe there is a real need for a greater level of education across the spectrum on the opportunities, alternatives and technologies that are available.

Mr CAUSLEY—We heard evidence just before you came on that with EFTPOS it can cost \$4 to \$6 to cash a cheque and then you have to have a \$10 transaction as well.

Mr McGurk—I think you will find that most of those instances involve individual service providers—and I am talking about store owners—who have decided that they wish to implement a fee for doing that.

Mr CAUSLEY—So you think they have a monopoly in that particular area.

Mr McGurk—They could well have a monopoly in that particular town. I see the value in doing that. I guess that is no different from provision of basic commodities. If they are not careful, obviously they will put increased pressure on their customers to go to a different location, and that will just further increase the demise of their opportunities in that town.

Mr CAUSLEY—I do not know whether you are aware of the government's rural infrastructure telecommunications fund, but do you think that could be used to try to facilitate quicker access to the Internet and other banking facilities?

Mr McGurk—I am not familiar with that fund in particular, but one of our beliefs is that the infrastructure that is available for electronics in the country areas needs to be reviewed. That is part of our final statement this morning: we believe there is some value in those alternatives being investigated to see how the provision of electronic services can be improved in rural communities.

Mr CAUSLEY—Finally, at least two of the majors have said to us that the driving force behind this change is competition, that there are other lenders out there without the overheads that the traditional banks have, and they are able to give a product that is cheaper so banks have to cut their costs to compete. Evidence this morning dismissed that rather lightly. Would you like to comment on that?

Mr McGurk—I think it is a very real proposition that there are new entrants right across the range of banking services, and the rural community is no different. There are operators out there who are going out with new and different products at cheaper prices because they do not have to carry the cost of an overhead structure—bricks and mortar—in the same way. I think that will increasingly become a pattern of competition in the financial services arena, remembering of course that the big attraction for most financial service providers in the rural communities is not necessarily the folks in the towns as a consumer population, but the farming community. The farming community are more mobile, they have more farm investments and they are in regional centres and capital cities more often to do their business. They are probably the big attraction. You can provide service quite differently to that group of rural customers.

Mr CAUSLEY—On that issue, we have also had evidence that farmers in particular, and maybe rural businesses, are finding that they no longer have a local bank manager that understands the fact that it has not rained for two years in the area or someone who understands the whole area. They are dealing with someone hundreds of

kilometres away. Are you addressing that and putting something in place to try to service those particular customers?

Mr McGurk—Indeed, we do. BankWest was one of the first banks—if not the first bank—to start a rural advisory service, which was started in 1956, I think. We actually put trained agricultural advisers into the network to understand what is happening in the various communities. They pool a great many inputs to understand exactly what is happening at a fairly micro level within the various farming districts. At the same time, while we may have pulled out of some of the very small towns, we have tended to centralise into commercial business centres in the major regional centres so that, instead of having a person out there by themselves, they actually have a team of colleagues they can trade off and get information from and they are supported by a rural adviser. They understand the area because they live there. They also travel to all of those communities to see customers more often than they sit in their office and do their work from a fixed location. So I do believe that we are able to stay well in touch and will be able to continue to provide a higher quality of service.

Mr CAUSLEY—Do you agree with some of the other banks who have said to us that, within a few years, there will be no cash in our society?

Mr Taylor—I am sure that claim was made 20 years ago and technically it is quite feasible with smart cards and the like. I am sure that is going to grow at pace. In fact, it is certainly picking up in certain parts of the world. I think the better term is ‘less cash’ society rather than ‘cashless’.

CHAIR—This is a general question. Is your business in regional areas growing or are you just holding market share? Can you give us some indication of whether there is anything different that you are doing that the others are not?

Mr McGurk—We would have to break that out into various segments. The fact is that the consumer segment of our business in rural Australia is declining. I do not think we can measure it down to a market share. I am sure we are holding our own in market share with the numbers, but it is increasingly a declining part of our business obviously. It is not a growth area for us.

CHAIR—So you are targeting the more profitable areas basically?

Mr McGurk—What we have to do is provide a range of services that meet the broad needs of the community and obviously we can invest in those sectors that are going to give us the greatest growth and the greatest returns.

CHAIR—So really what you are doing is pretty much the same strategy as every other bank?

Mr Taylor—John was speaking for the consumer. In the business area, we are penetrating the markets. We gauge that by determining our share of grain proceeds from the pool. We can get some reasonably accurate information on that. We would hold about 22 per cent of the market and that share is increasing. We see that as a very important subset of our business within the business sector of BankWest. What we have done, as John indicated, is to continue with our rural consultancy service. We were the first in there and we are maintaining that as a source of reference for our lenders so that we can keep up to speed with what is going on.

We have also established what we call an agribusiness centre which is actually based here in Perth where the larger farmers bank. Principally, they have off-farm investments. This is really viewed as a centre of excellence where they can get recourse to all sorts of other financial services. So that coupled with the maintenance of our rural business centres, of which we have 17 in Western Australia, illustrates that we do view it as an important market.

CHAIR—What you are telling me is that you are aiming for the more profitable end of the business?

Mr Taylor—Yes. Certainly, that is where we are putting our major thrust. But as illustrated before, we have probably done more than most to ensure that we do maintain at least an existing transactional service in the bush.

CHAIR—But you are losing customers, from what you are saying.

Mr McGurk—No. The whole market is declining. There are fewer consumers out there. It is obviously not an area where we are making investments. That is what I was trying to say. We are putting our investments into other areas. Clearly, we cannot continue to maintain the same cost structure across a declining customer base as we have in the past. We certainly cannot afford the cross-subsidisation that that requires.

CHAIR—The concern we have, as a committee, is that there is a group in the community that could very easily get left behind. A lot of people have talked about where we might be in five or 10 years, and that is one thing, but we are dealing with the immediate problem. We are most concerned to see the withdrawal of these services. You have pointed out the things you are doing to try and ensure that there are services there. Nonetheless, there is a very real risk that people in these smaller communities are going to be left with very little.

Mr McGurk—There is no question that is an issue that we all should grapple with. BankWest is trying to do its part by ensuring that there are alternative, face-to-face services provided whenever we do have to withdraw. Withdrawal is inevitable; we cannot keep the same level of service, but we will try and provide a reasonable alternative.

While we press the idea of a broader education program, there are many other alternatives that are available. One thing that strikes me and the bank is that we have had communities that have been living without the benefit of a banking service for many years. There could be value in trying to understand how they operate and then use that as a model for the education of communities that are declining over time. I think there is a much broader education agenda here because this move is inevitable.

CHAIR—How far are you, as BankWest, prepared to go to drive that education as part of your good corporate citizen image?

Mr McGurk—We believe that we contribute as a role model when we close locations in terms of consultation with the various interest groups and looking at those issues, setting up alternative services, and promoting that back into the ABA. We say, 'Here are some alternative ideas that we are tried that work', and we try to provide some sort of demonstration of leadership by example.

Mr Taylor—Tangible evidence of us educating people is our sponsorship of the business enterprise centres, and there are about 36 in rural Western Australia. We have sponsored the Internet connection for those centres. We saw that as a reasonably good education medium for people in the country to learn about this new delivery medium—the communications medium.

Mr CAUSLEY—Wouldn't it be in your interests to be proactive in the regional areas and be the first bank to offer an Internet service to isolated people?

Mr McGurk—It depends on what you are hoping to achieve out of those things. As I mentioned before, there is very little to be gained in the consumer market, in a business sense, from us making big investments. BankWest is looking to provide an Internet service later this year—

Mr CAUSLEY—Are you saying it is expensive?

Mr McGurk—It can be expensive, depending on how far one wants to go with cross-subsidisation of some of those things. For instance, providing an Internet service is not necessarily a big deal in its own right. We have one, and we are upgrading that later in the year. But if we then said to some of the country constituents, 'Come join that', they have both an availability problem in some areas and the problem of the high cost of getting on that. The question is: should the bank bear the cost of cross-subsidising those services to make it, let us say, a standard call? We do some of those things with telephone banking.

Mr CAUSLEY—Will the cost come down with competition in the future?

Mr McGurk—No. What we are talking about in terms of the cost is the provision

of the telecommunications services and the fact that rural customers have to use STD as opposed to a standard fixed rate. I do not see anybody getting out there to compete for telecommunications services.

Mr CAUSLEY—We were, but we have been short-circuited!

Mr Taylor—We do have a computer based office banking system which allows a full range of services to customers, remotely. We have a fair number of farmers who subscribe to that.

CHAIR—Could you explain that?

Mr Taylor—Our customers can connect through a modem into our database to call and place funds, pay third party accounts and get balances, et cetera. There is a menu of transactions which, in any event, we offer on our telephone service, and that is the sort of service you would offer through Internet.

Mr CAUSLEY—My bank weaned me on to telephone banking. They have now sent me a letter saying they will only give me 12 hits a month and then they are going to charge me.

Mr Taylor—You live in the wrong state!

CHAIR—Coming back to the word ‘cross-subsidisation’, which has become very common these days, everything is being labelled as a cross-subsidy. How much of the image problem do you think is being created by hiding behind this cross-subsidy challenge and saying, ‘We cannot do it now because it is not cross-subsidy’? There has been a lot of very negative publicity coming out of it. Isn’t there some way you can say, ‘Let’s balance this up. We, BankWest, can capitalise on this and reverse it’?

Mr McGurk—We are getting into a much bigger issue. The fact is that banks have not handled the public relations exercise associated with moving from a regulated environment into a deregulated environment particularly well. One of those changes is the changing nature of the way in which the business needs to operate and the additional competition that comes with that.

For instance, the housing loan, which has been the main battlefield over the last couple of years, has seen its margins reduced from about three per cent or 300 basis points down to about 1½ per cent. So half of the income that banks traditionally would have earned from that book has been reduced because of competition and the changing nature of the industry. That extra premium we earned on those housing loans was able to provide a range of different services. The economic reality is that we can no longer reduce our incomes by that order without making that up somewhere in additional income as well as cost reduction.

Mr CAUSLEY—You are still doing better than BHP and CSR!

Mr McGurk—I guess there are different cycles in every business and in every industry.

Mr CAUSLEY—The argument that comes before us from people who are disaffected says that you are absolutely focused on profits and you feel no responsibility to the community. Can you comment on that?

Mr McGurk—That is not the case. The fact is that in the changing business environment we are unable to supply the same level of service we have traditionally been able to supply—to a diminishing number of our customer base. Unfortunately, as much as you want to paint a reasonable argument about that, what is being affected is individual people's lives. It is not just banks: banks are only one in a chain, and towards the end of the chain, of businesses and industries that have moved away from rural centres. Other submissions have indicated the range of organisations that have quit country towns well before banks did. Unfortunately, it is a case where banks are seen as the bad guys.

CHAIR—One of the things that has already been put to the committee today, and on other occasions, is that to many people in the country, when the farm went from one generation to the next, so did the account with the bank. There was a feeling of loyalty. People find it very hard to come to grips with the fact that—

Mr CAUSLEY—Try 100 years in my case.

CHAIR—Yes. All these decades of loyalty seem to count for very little.

Mr Taylor—One can understand that feeling. We were confronted with some of the statements by people affected in the areas that we actually withdrew from. It is an issue but, at the same time, we have to run a business and satisfy shareholders. We believe that what we are doing is a good balance of making good business sense plus, again, ensuring that people are not overly dislocated when we withdraw.

Mr McGurk—That is a nicer mode of argument to put in terms of 'we have been with you for 100 years'. The fact is that, while there have been some—and that is a very real issue for us—there is also an increasing mobility in customer base and there is a change in disposition. Much of what has happened in rural Western Australia is as a result of farm amalgamations over time. There are a number of farmers who are getting bigger and a number who are just existing on the scene.

I will illustrate this in a practical sense. One of our branches that had been operating at Ongerup in the south of the state almost two years ago now was down to three days a week. We examined some of the statistics there. I went to a town meeting there where people were saying to us, 'Keep it open and we will bring our business to

you.’ The reality was that we had been there for 40 years as the only bank in town and we had about 40 per cent of the market share there. So 60 per cent of that population base was choosing to bank elsewhere.

The guy who owned the local tyre store came up to me afterwards and said, ‘I know the problem you face because every day I see people who claim that they will support me go down to Albany, a couple of hundred miles away, and bring their tyres back in their utes.’ They will drive around the back way of town so they do not have to go past him in the street.

Mr CAUSLEY—The community did not come to you and say, ‘We will give you all our business, if you stay in town’?

Mr McGurk—They did say that, and my response to it was, ‘We have been here for 40 years. It’s the only bank in town. We’ve got 40 per cent of you, so why do you think that’s going to change in a year?’

CHAIR—That might be why the community bank concept has attracted some communities because people actually have a real commitment there. Thank you very much for that. We could continue this, but we do have a number of other people waiting patiently. Thank you very much for your submission and for your comments. They were very valuable for the committee.

Mr CAUSLEY—You are about the only bank that has left something behind as you have walked out of a town—I would have to say that.

Mr Taylor—That was certainly our design in executing that strategy.

[11.12 a.m.]

LEWIS, Mrs Ann Edelsten, National President, Australian Women in Agriculture, PO Box 3, Bindi Bindi, Western Australia

CHAIR—I welcome Mrs Ann Lewis from Australian Women in Agriculture to today's public hearing. I will remind you that the evidence you give at the public hearing today is considered to be part of the proceedings of the parliament, and giving false or misleading evidence may be considered in contempt of the parliament. The committee has received your submission, No. 53. Are there any materials you would like to table?

Mrs Lewis—No.

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

Mrs Lewis—I really just want to emphasise some of the things we have already brought up. There is a broad based concern within the rural industries about the transition to more electronic banking. We feel very strongly that there is an educational need in the community before bank closures happen.

I, as a person living in rural Australia, and several people I have spoken to over this weekend, have never heard about giroPost. We find that very often when you go to an ATM in town it will not take your particular card, which leaves you with no alternative.

Rural people—and our members in particular—are business customers. They are not just personal bankers; they are business customers. Therefore, they want any changeover to be done on the understanding that it is business banking that they want; it is not just personal matters. We did mention in here the possibility of videoconferencing with banks so that we could have face-to-face dialogue with them about arranging loans and any other matter that we wanted to discuss with our banks.

One of the main points we want to emphasise is the simplifying of packages. It is very difficult these days to find out exactly what the package you are being offered is. A slight change here and you find that you are in a whole new ball game. It is not simple to talk to a bank about exactly what the package they are offering you is. Very often—and I have done this recently—you are committed to a package and then find it has other deleterious effects that had not been considered and nobody had mentioned. I was very concerned about that.

The transfer of funds is fairly simple when it is just between your own accounts. But the transfer of funds to a third account is difficult. I have not found an easy way of doing that without either paying horrendous fees or having great delays. That is an issue we are really concerned about.

If anyone is going to have a cashless society, it should be rural Australia, because it appears that cash is going to be very difficult for us to access. Therefore, we would dearly love the smart card technology to be tried in the most remote areas to see if they can overcome the problems attached to it.

On Friday I received a brochure from BankWest. I have not been able to obtain further copies of it, but I would like to submit that. One of the things that it does not do is mention the type of account that I use. It talks about accounts affected by fee changes and lists a whole lot of them. Then there are accounts exempt from fee changes and neither of those mention farm accounts. I am not terribly sure of the title of the farm account, but it is definitely a farm account. It is a package that BankWest sold to us a few years ago that was the best way to bank for farmers. That is the way we personally bank and that is not mentioned in either of those. We have grave concerns about the claims that this is the style of banking that we have going to have in the future and whether it is giving us what we need.

CHAIR—You will pleased to know that tomorrow the committee is visiting One Arm Point where I understand they are going to trial smart cards in a remote community. Perhaps that request is already being investigated, which is good. You were talking about the transfer of funds to a third account. What sort of fees are we talking about here?

Mrs Lewis—The thing in particular that I have tried to do, and it is mentioned in our submission, was the purchase of shares on the stock market. Unless you actually have an account with somebody and have that money tied up there, it is almost impossible to quickly do a share transaction when the market drops or when something is favourable to you and you wish to do that. The last time I did it, I was up for nearly \$50 in fees, because of the firm I wanted to deal with, and it was complicated. It took the cream off that opportunity that I had picked up and wished to take advantage of.

CHAIR—You mentioned the problem of telephone banking being time consuming and so on for people. What are you specifically talking about? Is it the fact that it has to be done long distance?

Mrs Lewis—I think they are calling it 'FastPhone banking' in this thing. They are giving you a number for which it appears you will not have large expenses on phone calls. But it is not just the cost of the phone call that is the cost of doing banking via a telephone; there is the time that is needed to stand there and listen to the various options, to be sure that you have the option you want before you press the button and then, having got so far down the line, finding you have put in a wrong number and have to start again. These things do happen and they are particularly of concern to the elderly.

At the moment Telstra, Western Power and firms like that are using it and I am hearing a great deal of concern about the problems. If you have made a mistake as you go down the track and you have to start again, you wait very often in a queue before you are

dealt with. It really does take a lot of time, and time is expensive.

CHAIR—Is this a problem of practice or education or is there something more?

Mr CAUSLEY—It is probably a system failure. You want to be able to go back to the previous step; if you make a mistake, you should be able to say, 'Please, can I go back to the step before and start again?'

Mrs Lewis—Yes. It has been particularly difficult and frustrating for the older customer. I do not even consider myself to be in that bracket—I mean the people older than, say, 65.

Mr CAUSLEY—Frail people.

Mrs Lewis—Yes, frail and hard of hearing—you name it.

CHAIR—Also in your submission, you talked about whether the government should be assisting isolated families with the purchase of satellite dishes, decoders, et cetera. How much work have you done in looking into that?

Mrs Lewis—We are a very small organisation and, as such, we have found it difficult to do that research. We do have quite a few isolated station people who are members of the organisation and they are having difficulty accessing the Internet at all. Their telephone system is not very reliable. We tried recently to send a fax to someone at Tom Price. It took two hours to get a three-page fax through because we had so much difficulty with the lines. If these people are being expected to do their banking with that class of line, that is just not feasible.

Mr CAUSLEY—Maybe satellites are a future option?

Mrs Lewis—You are getting me onto another subject of technology and of telephones and all the other modes of communication being provided by that. I see as a great possibility the government providing subsidised satellite equipment so that those remote people can lift their standard of access fairly quickly. They—that is, the customers—would need to make a contribution.

I think the government needs to look at providing some of the facilities and maybe the banks themselves need to make a contribution in that area. I am not suggesting for a moment that it should all be done by the federal government but I do think that there should be a distribution of that cost. I see satellite phones as being a very practical answer to the distant areas. I feel that, if we could subsidise that area, we could then leap into this sort of technology with a great deal more confidence.

Mr CAUSLEY—That is exactly what I was looking at. You mentioned in your

submission credit unions and their limitations. I was just wondering if you would like to elaborate on that.

Mrs Lewis—That came from a member at Moree who either does or knows of people who bank with credit unions. There is great difficulty when they move out of their community to move somewhere else to do some other transaction. I have just been to America and Canada and I had no trouble getting money anywhere I wanted with my Visa gold card. If you only have a credit union account, her understanding was that you had nothing like that back-up support when you travelled. That was within Australia, let alone considering if you went overseas.

Mr CAUSLEY—Not just credit unions. I suppose some banks are like that as well.

Mrs Lewis—That may be, but it was a remark made by a particular member that we felt warranted being included in the submission. I have recently been to Canada where they have similar problems. There were a lot of credit unions in Saskatchewan. They were organising a cooperative of credit unions so that they could expand their facility and the ability to do transactions over that wider area. That has only very recently come to my notice, but I can see them growing virtually into banks if that is continued.

Mr CAUSLEY—They would have to be computer linked in some way.

Mrs Lewis—They would have to be, yes. It is certainly being looked at. Credit unions in Canada are considered to be part of the cooperative organisations. I went to a conference in Winnipeg on cooperatives and credit unions were talking about just that—cooperatives between all the various credit unions and maybe expanding that internationally.

Mr WILTON—This is a question that pertains not particularly to women but to both women and men. What do you see as perhaps the one, two or three greatest impediments, particularly to older people, using new technology in the bush? It has been put to us, for example, that the aged—again, women and men, so this is not a question that particularly relates to your association only—fear any new technology where their card disappears from view totally, albeit only for a short time.

Mrs Lewis—There is a genuine fear there. A vanishing card is a fear, but another thing is actually learning to use the new technology. It is fine if you live in town and you have a telecentre that you can go and do some training at and become familiar with your computer, but to do that when you live 100 miles from the nearest telecentre? Not all telecentres are perfect by any means. You can go to a telecentre. You can book your time to be there and you can find that you are being sold some other form of program that they think would be better for you rather than learn about the programs that you have to use. There is the difficulty of access for training and for education. There is a great fear about

banking via the Internet. That is broad spectrum—that is, all ages.

Mr WILTON—I am scared of that.

Mrs Lewis—Yes. That is all ages, all sexes; it does not matter. There is a huge concern about having to use the Internet for banking.

CHAIR—Because of the security question?

Mrs Lewis—Yes.

Mr WILTON—I am sure that you have already been asked this, so if you have you will nip it in the bud and I will read it in the transcript later. To what extent has your association been engaged in discussions with credit unions about formalising some sort of community based alliance in certain communities? Is that a question that has been posed?

Mrs Lewis—No, it has not come up. We have not done it at this stage. As I say, it was an individual member who brought up a concern about the credit unions and I have also mentioned my experience in Canada. Apart from that, no, we have not done any research into credit unions specifically.

Mr CAUSLEY—It seems as if the CreditCare facility that is available from the government is not as extensively used in Western Australia as other states. Is there a reason that credit unions are not as plentiful in this state as, say, New South Wales and Queensland?

Mrs Lewis—This is just part of the broad spectrum of Western Australia not hearing about a lot of things until well after they are progressed in the eastern states. The government may well do things over in the eastern states and put forward programs and offer this, but for Western Australia's general rural community to actually get access to that information and to find out about those is very difficult. As national president of an organisation, one of the most difficult things I find is access to information.

Mr CAUSLEY—Probably because credit unions were big initially in New South Wales and therefore probably word of mouth, whereas over here they may not have been as big and therefore the information was not available.

Mrs Lewis—There is a general lack of information of what the government is offering in Western Australia.

CHAIR—There being no further questions, I again thank you very much for appearing before the committee.

Mrs Lewis—Just before we conclude, I wish to incorporate a pamphlet relating to

BankWest.

CHAIR—Yes, that is fine.

The pamphlet read as follows—

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

That submission No. 126 from the State Parliamentary Labor Party be received as evidence to the inquiry and authorised for publication and 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 11.32 a.m.