



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Reference: Regional banking services

NORTHAM

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

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Present

Mr Hawker (Chair)

Mr Causley

Mr Wilton

Committee met at 2.07 p.m.

Mr Hawker took the chair.

TRENORDEN, Mr Maxwell Wayne, Member for Avon, Western Australian Government, Parliament House, Perth, Western Australia

CHAIR—I would like to welcome the Hon. Maxwell Trenorden to today's public hearing, which is being conducted here on his home turf. In what capacity do you appear today?

Mr Trenorden—I am today representing the government of Western Australia.

CHAIR—This inquiry has been going since the beginning of the year. We have had 126 submissions, which is a lot for a parliamentary committee. We have had them from all states in Australia and from the Northern Territory. In order to try to do justice to the submissions, the committee is visiting every state, and we will be going to the Northern Territory on Thursday. Part of the hearings involves coming here to Northam, and we have been in Perth this morning.

The inquiry has found a lot of very good material. We have had a lot of very constructive comments put to the committee and we have already achieved more than we initially anticipated. The Australian Bankers Association has come before the committee for the second time and it has already responded in part to some of the concerns that other people have raised with the committee in trying to address the problems facing regional and remote areas as far as banking issues are concerned.

The inquiry originated out of the Wallis inquiry into the financial system in Australia. Recommendation 96 talked about the importance of developing alternative banking for regional and remote Australia. The committee took up that challenge and it has been conducting the inquiry since the beginning of the year.

So with those few words, Max, can I remind you 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 the parliament. Is there any material that you would like to table?

Mr Trenorden—I believe you have a copy of the report of the financial task force.

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

Mr Trenorden—Yes, thank you very much. I believe it is important to put this in context. I know much of this will not be news to you, but I will run through it and maybe there are some different connotations to what I have to say.

The report of the task force I chaired for the Deputy Premier and the minister for

fair trading points out that there is no point in being opposed to the current position of banks. The commercial world has changed. I believe most Australians do not realise we are in fact in a new revolution and in a new cycle of doing business, with the Internet, and that technology is here to stay. The benefits for the banks to go into a new delivery are enormous, and the figures we were given in our task force, which no doubt the banking association has given to you, are 13c to an ATM to a dollar to an individual behind the counter. Those sorts of swings are not going to be ignored by any commercial arrangement, so the interest for us, as for you, is to see what government is going to do about a number of side questions.

Among the areas I would like to address is, first, the circulation of currency. When we first started our inquiry I found, to quite some surprise of my own, that the constitution, legislation generally and Australian regulations are silent about how the Australian currency is to be delivered to Australians. But it is not surprising when you have a look at it because 100 years ago banks were the vehicle—people walked through the door and there really was no other consideration of how money would be circulated amongst individuals. But there is no legislation or constitutional requirement, I understand, about how Australians will get hold of currency.

In our inquiry, cash itself was the biggest problem. I attended two public meetings, one of about 350 people and the other of 250 people, in towns where banks had recently left. One was Brookton and the other one was Goomalling. There is no doubt at all that the greatest complaint was the capacity of people to go about their normal business, because in one of those meetings only a small percentage of the people at the meeting actually banked at the bank that was closing. In fact, what they were objecting to substantially was the loss of the service—the capacity of small business and the individual to carry on commercially as they would normally do.

In the report that you have there we have done our surveys, and I recommend those surveys to you. Every time an individual leaves a community to go somewhere else to do their banking, something like \$200 goes out of that community and remains away. So that is a serious consideration, I would suggest, to the Western Australia government and, hopefully, to yourselves. We need to keep the infrastructure of our communities together, which has little to do with banking. It is the capacity of people to commercially carry out their activities.

Cash will not vanish from use. Only a few weeks ago, the Australian Taxation Office put out a press release saying that very substantial tax avoidance is still occurring with the use of cash. If I recall the release correctly, they are saying that something like one in four Australians are using cash to avoid income tax. That seems to be a national pastime, so I would suggest that cash will not quickly vanish from our society. So there are arguments about smart cards and other cards that will be taken up quickly—and there is no question Australians take up technology very quickly—but there will always be cash out there and the requirement for cash. Perhaps I should not say ‘always’, but, within

reasonable judgment, there will be the requirement for cash.

CHAIR—You are not saying that it is to facilitate the ATO's problem?

Mr Trenorden—No, it is not to facilitate the ATO's problem, but I think that people will naturally wish to deal with cash. I chair the Western Australian public accounts committee and, last year, while I was in the States on parliamentary business, we went to Microsoft headquarters. They pointed out that they work on the theory that approximately 20 per cent of all people do not want to handle whatever is new. No matter what you do, there is about a 20 per cent non-take-up rate. They were making it very clear to us that they were not speaking about seniors or, necessarily, about disabled people. The 20 per cent is across a range of people. In fact, they pointed out that the second fastest growing group using technology were seniors, and that is in terms of going on the Net and using their Microsoft software.

We are going to have SmartCard and E-commerce and B-pay and EFTPOS and ATMs, and they are going to be used by Australians, and are constantly used by Australians. But they do not constitute a solution because an ATM requires to be fed. It has to have a courier system in which you can put the money into the ATM. Also, even though the take-up rates for Australians has been enormous in using ATMs to withdraw cash, very small percentages of people trust putting their money in an envelope and putting it into an ATM. In the banks' records you will find that—no doubt you have been given this information—a very small percentage of people actually like to deposit through ATMs. We have looked at EFTPOS and ATMs.

The problem with EFTPOS is that the cost seems to be around two per cent, through the inquiries that we have done to users, so the minimum fees of \$10, \$20 and other restrictions that retailers put on tend to run about a two per cent cost on to the user, which is an impost onto country people obviously. The Western Australian government is looking at this question of cash and the couriering system. That is a problem. It is certainly different in Western Australia than it might be in the other states. I heard a person on ABC radio this morning talking about Victoria. Apparently Victoria has not got a problem of moving cash from community to community, but we certainly have.

I am not sure if we put it in our report, because we are a little nervous about the information, but we were told of one particular community where twice a week up to \$170,000 is put in the boot of a car and a young girl—that is, under the age of 20—drives it nearly 200 kilometres to the closest bank. We heard similar stories throughout our inquiry—and they are not the sort of information you want to make too public and serious. There have been a number of cases in Western Australia where hold-ups have occurred, where businesses are holding between \$10,000 and \$20,000 in service stations and other small businesses to service the community.

We have some ludicrous situations, like in my own electorate. The town of

Brookton, which is east of Perth, en route to the fourth biggest tourist destination in Western Australia called Wave Rock, gets a considerable amount of traffic. Two service stations there take a considerable amount of cash. On the same route, another 50 or 60 kilometres down the road, there is a town with two banks. The courier system goes through Brookton, but it does not stop because there is no financial organisation there; there is no bank or building society. That community collects its cash and the community itself individually has to organise where that goes to neighbouring branches.

So we have a serious problem in Western Australia with the courier system. Most of the cash in Western Australia was couriered until late last year, as you are probably aware, by the post office. The post office, as you certainly would be aware, withdrew that service, limited it at \$200, and it certainly has left Western Australia in a precarious position in terms of meeting the cash requirements, surplus and deficiency in communities. That is something we have to deal with and I wanted your committee to be aware of.

The impacts are in the report and they are substantial. Again, within my own electorate, there is a newsagency that runs a BankWest agency and gets paid less than \$4 a day by the bank to run that agency. It is required to ensure that the small business himself—it happens to be a male who runs it—is insured. So he runs that agency within that community for a loss. I would suggest to you that the bank is well and truly aware that people like the newsagent in Brookton are virtually compelled to run the system.

That is one area where I am not happy with the bank's attitude to the servicing of those communities that have lost the services. They tend to believe that small businesses will fill the vacuum and do.

Mr CAUSLEY—When you say compelled, do you mean in the interests of his own business or—

Mr Trenorden—Mainly in the interests of his patrons. He is definitely compelled in his own interests but, even more, he is in a position to meet the requirements of the community. We ran a number of forums through the state while we were doing our inquiry. One person sold his business in a northern wheat belt town because he had to have a half person a week for the purpose of handing out cash. The troubles of dealing with the cash put him in a position where he was not prepared to run the business any more, and he sold it. That is an individual's choice. What I want to put to you is that there is an extra pressure on these country businesses. In Western Australia, many of our communities have fewer than 1,500 people. In the report, we looked at communities of fewer than 2,000 people.

We have looked at CreditCare. You would be well aware of CreditCare, and it is not an option for most of our communities because of their size. I do not want to put any negative in the way of CreditCare, but there is a limit to where CreditCare can operate.

The other point I wanted to make is the quality of opportunity and access. That is not in our report and I think that is a key point for yourselves. The capacity to get on the Net is important, and the capacity of the telecommunications system to drive reasonable hardware to run a service is also important. Challenge Bank—which is Westpac Bank in Western Australia—showed us a real estate agency in Welshpool that was operating with hardware which cost \$10,000 and would operate all services to the community other than passbooks. They had a private phone so that individuals could ring private information through to the bank direct. All the rest could be done by a person behind a counter with moderately priced software. We were shown that the software exists and we were satisfied that the security and the confidentiality are there. What may not be there for many of our communities is the capacity for the hardware to work. That is an argument for some communities, but in Western Australia not them all.

Another issue about banking and alternatives for communities is that not everyone will bank at whatever option we come up with. Hopefully we will come up with a few and I will talk about those in a moment. Some people do like to bank out of town, for confidentiality and other reasons of their own. Not everyone will use whatever services are in the community.

GiroPost at the post office is a very important consideration, and you would be aware of the services offered by giroPost. It is a great option for us, and I will not run through the whole system because I am certain you know what giroPost is about. Associated with giroPost is the important issue of the cheque clearing system. Even though it has been recently reformed, I believe it is still putting a demonstrable impost on country people. Because the cheque clearing system is not fully digitised—as the American and European systems are—there are two factors which I think are unacceptable. One is that it retains a cost factor, which is an important consideration in the rural areas, and the second is that it retains an element of control by the big four over the rest of the market.

That is an area where we need to fight on considerably more. When I was speaking to giroPost during this report, which is now probably information which is eight months old or so, we were told that 15,000 transactions per year, down to perhaps 12,000, was the limit for giroPost. Western Australian communities need it to be lower. That is why I say that a matter like the cheque clearing system is important because it is adding cost to the system where there does not need to be cost. That control factor is also adding cost to the system where it does not need to be.

If we are having a deregulated banking system, which we obviously do have, we need to be aware—in my opinion and in the opinion of the task force—that we need to be able to clear out some of the restrictions that are hanging around the basement. The cheque clearing system is one of those—an important consideration in the cost of getting those transactions down to a level low enough so that the Leonoras, the Leinsters and a number of other communities in Western Australia can use a banking service. It is

interesting in Western Australia that some of those very small communities are very wealthy in terms of their earning capacity. Many are mining towns and people earn \$60,000 and above annually. It is not as if some of these communities do not have a reasonable amount of money.

The alternatives—one of them is giroPost, as I have already said—are that I know, from my own communications with the big four, one of them does favour a common branch. That is an alternative. By a common branch, I mean the big four keeping a building and staff and running it for the four. That is an option we should be talking to the Australian Banking Association fairly strongly about. I recently wrote to them and asked them to re-examine the matter. When I was carrying out this inquiry they told me directly that the banks were so concerned about doing the conversion correctly and being in front of the market and being in a position where they could perform in the new world as best they can and that all the other matters were secondary. They made it quite clear to me that it took all their resources to convert to electronic charging and electronic delivery of services, and these other matters they would deal with afterwards.

For us, afterwards is not good enough. Speaking for those people out there—businesses and individuals who are trying to get by—it is not good enough. But also it is a concern for the Western Australian government because we have a changing economic factor in these communities, which will within a year or so be changed quite dramatically, and some of those businesses would be quite hard to resurrect in these small communities. It is a very important factor for us.

Obviously, agency banking is a factor. In the next town north of us, Goomalling, where two banks have withdrawn in the last 12 months, one of the bank managers resigned and stayed in the community. He has bought the old bank building and would dearly love to open up an agency. There is no reason why that could not be a viable business if that person added other services that the community does not have like travel, general insurance, life insurance and investment advice. Those sorts of questions could make a very viable business as long as that person could have an agency that could link into one or more banks and be able to carry out the transactions.

In recent times we have become aware of the Bendigo Bank and its activities in Victoria and New South Wales, which I applaud. The Bendigo Bank is not quite here in Western Australia yet, but I am aware of two different organisations here in Western Australia which have approached me who wish to go down routes similar to those of the Bendigo Bank—particularly using SmartCard, local nets and other means—to create a local service. I think that is an exciting concept.

For us, the Western Australian government, it is not our business. We are not here to support any one sector in the banking business; we would just like the service to be returned. I will go back to the fact that—and I have argued this in the report, as you have read—it is a requirement of the Western Australian government to look at getting the

courier system, getting the cash moved around the community, as a prime need. They are the points I wanted to make. I am happy to answer any questions.

CHAIR—Thank you very much for that. Thank you for that very comprehensive summary of your report and for the summary of all the work you have been doing. It is certainly of great value to the committee. I will just make a passing comment that we did have the Australian Bankers Association before the committee for a second time, about 10 days ago. In the association's seven-point plan, one of the additional points it did make was that it was looking to investigate the feasibility of electronic technologies that will allow a range of approved agents to accept multibank deposits and withdrawals at sites where only an individual bank has been operating up until now. That is on its drawing board. Obviously, we want to see that progressed. I think you did make some interesting observations about the speed with which they are likely to adopt some of these new technologies and the need to adopt them fairly quickly.

I would like to come back to your remarks about the question of the courier system and the moving of cash. You put a report to the Western Australian government in December last year. Has there been any progress in that area?

Mr Trenorden—We have spoken to the banks and the local managers here are looking at whether they can put together their own movements to see if there is some sort of common cause there. What we as a committee have suggested is that maybe the state government has to give some small—and I think it would be small—encouragement for what is the residue from current activity.

The difficulty we had was that, when we spoke to the couriers and the banks, they could not tell us what the current activity was because it was so fragmented. As you would expect, everyone is dealing with different couriers. The couriers have been retreating from towns as the banks have gone because there has been no-one else to deal with. We have a very fragmented system. I was hoping that they would have reported to me a number of weeks back. But I am sure the big four will come back to us and say they have looked at what may be possible in terms of what is commercial in Western Australia, and then I would be putting the balance to the Western Australian government as something that it needs to give consideration to.

CHAIR—In terms of this couriering of cash and so on, in your work did you find many other organisations that were involved in similar movements of money?

Mr Trenorden—Very few—almost none. When the post office pulled out, the system here collapsed. It got to the stage where even banks were hiring individuals in ordinary utilities to move cash around the state. Our system is certainly nowhere near as formal as in New South Wales and Victoria.

Mr CAUSLEY—Mayne Nickless do it in the east.

Mr Trenorden—Mayne Nickless were doing it to the key centres. If you visit Western Australia and look at the lines to the key towns, you will see they are still doing it. There are several problems. It is very expensive to get cash to some of the mining communities because it is flown—quite a bit of the cash goes by light aircraft. Some of the communities which are distant from reasonable population centres—in Western Australian terms we are speaking of 10,000 people—have no service at all since Australia Post pulled out.

CHAIR—In the work that you did for this report, was there anything from overseas experiences that you could draw on?

Mr Trenorden—No, not anything that we could find to be useful.

Mr WILTON—On those overseas experiences, other countries do not use any form of giroPost? In your travels, did you see anything of that nature operating there? So there was nothing at all that you could reflect upon that might be of use to us here in Australia?

Mr Trenorden—As you are aware, outback Queensland, a bit of New South Wales and Western Australia are very diverse. It is very hard to find any comparable situations. It is hard for us because, if you take the Queensland situation, communities there are spread out with 20,000 to 30,000 people occurring fairly regularly. You do not find that in Western Australia, unfortunately. We have 1.8 million people in a third of the continent and so it is very hard to find a comparable situation.

Mr CAUSLEY—You made the point that the technology is not going to stop and the competition is not going to stop, so we have to look and see what we can do to provide the services. Isn't the only thing to do to take the quantum leap into satellite technology and try to provide the services that way? Did you have a close look at that as to cost and availability to isolated areas?

Mr Trenorden—We would like to, but it is not easy to do because we are told that the low level satellites are probably 18 months to two years away.

Mr CAUSLEY—There is one group up now.

Mr Trenorden—The generic service to Western Australia is about two years away. Gail Short, who is appearing here after me, might be able to tell you a little more about linking in the telecentres, but we were not able to find firm facts and figures on that situation.

For most of Western Australia, copper is good enough. The machine we saw at Welshpool would run slower at Laverton, for example, but it would run, and it would be just as efficient. It would be a little slower, and I do not think that would cause any great

heartbreak as long as the service was there.

The bottom line is—even though I get shot when I say this at some meetings—that people are not seeking the banking service, and they are not seeking a loan service. When the only bank shut in Brookton, the manager stayed on. The manager is still living in the town and still servicing the businesses and the farmers and the individuals. They can get a car loan or they can get a business loan, a mortgage or whatever and they can get investment advice, but what they cannot get is cash to carry out the normal, day-to-day transactions.

The other thing to say about EFTPOS, ATMs—although ATMs are pretty rare outside the key communities in Western Australia—and SmartCard when it comes is that these will be the last communities that get the technology.

Mr CAUSLEY—Why shouldn't they be the first communities if they are given some help?

Mr Trenorden—They could be. That is the argument of the Bendigo Bank and the other small businesses that are looking at replacing the service. What they do is come in locally, form a local franchise with a bank, and run an intranet or community net or whatever terminology you like to use and run a local system. I think that is the way it will go.

There are two factors that are important. Firstly, the technology is not going to turn around and, secondly, Australians take it up faster than any other nation on earth. I do all my banking at an ATM. I do it going home, often in the early hours of the morning. I find it quite convenient to stop by a machine, punch the information in, transfer the funds I need to transfer, and that is fine. I am happy with the service. But, unfortunately, not everyone is.

Mr WILTON—You say in your report that both telecentres and local government should be encouraged to act as one-stop shops. Have you engaged in any discussions with the local government associations or with the Western Australia Telecentre Network to try to effect that outcome?

Mr Trenorden—Yes. They were definite options. You will hear from both of those after me. We will have just over 100 telecentres, hopefully, within a short period of time. They offer fantastic services for West Australians, and I think greater services than West Australians realise. If we could get those people on to that low cost, very efficient service, then there is no reason why all the things we have been speaking about, other than cash, could not operate out of those telecentres. Where they do not exist, local government is in a position where it will have to go online fairly quickly as well.

My opinion is that every state in Australia, including Western Australia, will be

fully online within a very short period of time, which means local government will have to be online very shortly thereafter. Therefore, as long as the hardware and the agency link-ups were in the community, the local council could be the agency.

The Western Australian Municipal Association has spoken to us about it and it has done a considerable amount of work, but the dilemma is: are we talking about an interim period where another service comes in, like the Bendigo Bank arrangement, where private enterprise comes in and supplies the service? Local government would prefer that to occur than to supply the service itself, just like state governments would prefer to see private enterprise do it, and as I am sure you people would prefer to see private enterprise do it.

Mr CAUSLEY—Aren't those services open to the same problems that you intimated earlier about local banks? I was called to a protest meeting in my own electorate as a result of a bank closing and there was not one person in the room who belonged to the bank. These regional banks are going to run into that same problem.

Mr Trenorden—When we asked the Banking Association for generic figures we were told that the average cost to the bank every time someone walked in and put something on the counter was about \$12. The banks are getting paid for moving the cash, so why should not an agency or some other business get paid for moving the cash? Customers are getting charged for the facility, but it is the banks that are keeping the money. That is why I tried to make the point with the BankWest agency in Brookton: that person is turning over a fairly considerable amount of money for the bank and the bank is still getting the fees out of that service, but he is getting paid only \$4 a day.

Mr CAUSLEY—That seems to be at variance with evidence we were given this morning.

CHAIR—BankWest told us this morning how good their agency system is. But I want to get more details on this case in Brookton. You are saying the agency gets paid just under \$4 a day. Have you got more examples of where that has been done? What do they provide to the newsagent to allow the newsagent to operate that agency?

Mr Trenorden—Just the hardware. In Brookton, the Town and Country Building Society some months ago turned into a bank. They withdrew their services from Brookton so the co-op there decided, when the last bank left town, that they would purchase a safe and put it in the town. It was costing the co-op—and I can get these figures for you as well as the agency's figures—about \$1,000 a month to run that agency within the community. The cost was due to the on-charges, that is, for having the cash available, for not being able to use the cash, for the cost of insuring it, for the security systems and for the safe. They say it cost them about \$1,000 a month. It is a fairly sizeable ask for a town to take on.

CHAIR—What other costs were there for the newsagent?

Mr Trenorden—The biggest cost was that he got robbed one day. The human factor in this should not be underestimated. There are a number of places where people have looked down the barrel of a gun, or had a knife pointed at them, and had to hand over cash. There is getting to be a greater number of cases where \$10,000 or more is available, quite easily, in small businesses. That is the biggest cost.

The newsagent in Brookton was not complaining so much about the fact that he was supplying the service since he was not looking for a profit out of it. The point he was making was that he was providing the service at a loss to his own business. He was required to insure the cash. I did not ask him what the figures were. I just talked to him about his position. He told me he was paid a little bit less than \$4 a day to run the agency.

CHAIR—You mentioned an example in Welshpool where there was some software that could be supplied by Challenge Bank for around \$10,000 to run all agencies. What is included in that software?

Mr Trenorden—There was a small PC, a screen and the linkage.

CHAIR—Which agencies would it have?

Mr Trenorden—It was only a Challenge bank agency right in suburbia, in Perth. The point was that it could have run any amount of bank's business through the one piece of hardware.

CHAIR—So this is similar to the Bank SA agency system?

Mr Trenorden—I understand it is, yes—but I have to say I am not a great technocrat.

Mr WILTON—You may already have touched on this issue. In your report you also say that the state government should encourage banks, local authorities and businesses to adopt a coordinated approach to cash handling. What sort of approach did you have in mind?

Mr Trenorden—It will not work in Western Australia unless we cut down some of the inefficiencies of moving cash. That is, if—say—Mayne Nickless is moving cash to one town and some other courier is doing the neighbouring town, there is a cost factor in the fact that they are both doing a small amount of turnover in their routes, and the charges go up. That is really the point.

If you look at the map of Western Australia, you should be able to work out circular routes and other routes that we would like to try to put out for tender. That was our idea. Instead of having someone in the town say, 'I want to deal with whoever it may

be—one of three or four couriers’—and having a mix, we found that the banks were saying it was very expensive to them and that the general community were saying the same thing. The only way that we could see to bring that cost down was through putting enough business in one place to make it efficient.

CHAIR—Did you have any ballpark figures on what sort of cost savings could be made if this courier system was streamlined as you are suggesting? It is very hard to get the figures on this. Do you have some idea whether it would be a 20, 30 or 50 per cent saving that could be achieved if it was all brought together?

Mr Trenorden—It is purely an assumption of my own, but I would say it would be around a quarter. We had no hard figures and could get no hard figures. We did speak to the couriers but, as it was, I would say our report was probably already eight months longer in delivery than it should have been. We had to draw a line somewhere, as you will at some stage, about where you decide to finish your activities. It would have been interesting to have been able to follow the courier system through. As I have said, the best we could do was go to the users, which are the banks at the moment as no-one else in our system uses couriers, and see what they could do for us. They have agreed to collectively do an overlay and see if they can give us some information on it. But even for those towns that do not have banks, it would be useful if we could just find a system where one individual—maybe the shire—was responsible for having a pick-up point, taking the money and being accountable for it. As you know, the couriers do not want that responsibility; they just want to pick up the money and leave the money.

Mr CAUSLEY—Is it because Australia Post had been providing a service and just stopped, out of the blue, so that you have got a vacuum at the present time?

Mr Trenorden—I am sure that our system is much more serious than Victoria and New South Wales—I do not know about Queensland. The withdrawal of Australia Post participation in moving cash was crucial in Western Australia—fundamental. The system collapsed, except for the Kalgoorlies, Bunburys and Northams—the communities that are big enough to pool in together. Where there is regional activity, the couriers still come. If you go out there you will see couriers quite regularly. It is the next segment where they are missing. Australia Post did the medium and the small.

Mr CAUSLEY—Do you see the federal government’s telecommunications infrastructure fund as having some benefit—in providing the lines, et cetera that are necessary to the banking services across Australia?

Mr Trenorden—They are crucial. Gail Short will talk about telecentres later. But if you have a situation where you can get a delivery point in the community where there is a local call and you have the capacity to participate and teach people the system, I think that will be a very important component. I have heard Gail speak about this many times and I am sure she will tell you just exactly what will be happening here. I think it is

fundamental—the fact that you can, through a local call, have access to the Internet and therefore have, in theory at least, access to services. Those services will occur once demand is there.

I have always felt that this problem will meet itself in due course. The difficulty for us at the moment is that it is probably five years or more before we get to that ‘due course’ and banks and other people get off the main treadmill and think about the peripheries. The bank said to us that they are around about 10 per cent of their customers. They are looking after the 90 per cent and they said to us that the 10 per cent will have to do what they can do and they will get around to them once the main game is over. For the Western Australian government, that is not acceptable because too much damage will be done to the communities in the interim period.

CHAIR—I think that is the very point that this committee is trying to address in our inquiry, too. On that point, I thank you very much again for coming before the committee and for the very valuable information that you have provided us with. We look forward to seeing what the Western Australian government does in due course. In the meantime, we might follow up that question with the ABA on the couriers as well.

Mr Trenorden—Thank you for coming out to rural Western Australia. It is really good to see a Commonwealth committee here.

[2.52 p.m.]

ROGERS, Ms Terri Ann, Regional Coordinator, Central Telecentres, Western Australia Support Unit, Regional Development Division, Department of Commerce and Trade, PO Box 420, Merredin, Western Australia 6415

SHORT, Ms Gail Laraine, Team Leader, Telecentre Support Unit, Regional Development Division, Department of Commerce and Trade, 170 St Georges Terrace, Perth, Western Australia

YULE, Mr Stephen George, Team Leader, Regional Communities and Strategies, Department of Commerce and Trade, 170 St Georges Terrace, Perth, Western Australia 6000

CHAIR—Welcome. I remind you that the evidence you give before the committee today is considered to be part of the proceedings of the parliament and the giving of false or misleading evidence may be considered to be a contempt of parliament. Is there any further material that you would like to table?

Ms Short—I have a paper with me that I would be happy to table.

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

Mr Yule—I would like to make a brief opening statement and then pass over to Gail, who will talk in detail about the problems being encountered by the banking system and Telecentres future role which was alluded to earlier. The Western Australian Department of Commerce and Trade provided one of the members on the Regional Financial Service Taskforce that Mr Trenorden chaired, so we fully support the findings of that report. Western Australia has many small towns with fewer than 2,000 people. The figure we have is that 33 shires have fewer than 1,000 people. That is, there are at least 33 communities; there is often more than one community in a shire. There are 32 shires that have only 1,000 to 2,000 people. Western Australia, as we know, is huge; it covers one-third of Australia. With this banking issue, I think we do have, as Mr Trenorden mentioned, particular problems in meeting the withdrawal of branches of banks in this state.

In regions such as the Pilbara, the Kimberley and the Goldfields, alternative centres for banking, if the local branches closed, could be up to 100 kilometres away. We have a poor public transport system outside major regional centres, if we are being quite honest. Banking is a specialised service. If the banks are withdrawn, it is not like other services in town, like a fuel depot or something like that; it is very hard for the local community to find a way of filling the gap.

We certainly would support what Mr Trenorden said. The availability of cash seems to be the main issue. The department strongly supports the points in the task force report, which is that banks try to take a positive attitude to change. Everyone accepts that change is inevitable. I do not think that anyone is trying to stop change. If banks came in with a different attitude to branch closures and started working with communities, we might find that their image would be improved 100 per cent.

It is very bad for big business. Banks made huge money. We hear of their profits in the paper and, quite honestly, what the major banks are doing to small communities is a public relations disaster. A report on the banks came out a couple of months ago. Their line seemed to be that, if the populations of the wheat belt towns in Western Australia and the smaller towns in Queensland, et cetera are declining, 'Don't blame us if we withdraw our services as well.' That is just an attitude that goes down like a lead balloon.

Again, the department supports the various initiatives coming out of reports such as the expansion of giroPost and initiatives such as the Bank of Bendigo franchising. We would strongly support that and look to see how that can work in this state.

You were saying earlier that the committee has had a number of meetings and written submissions from the Australian Bankers Association. What we would like to see come out of it—and I am not sure what the Bankers Association said—at the very least is some sort of memorandum of understanding between the federal government, the major banks and maybe the major building societies. They will agree that certain things will be done in terms of rural service delivery: three months notice if banks were to close; they commit to work constructively with the community for other options; they will try to leave infrastructure in place for community use; and they will work cooperatively with state governments to find a way—as was discussed earlier—to ensure that cash delivery routes covered towns.

Another thought is that the federal government could suggest to the major banks that they perhaps share costs with the federal government for each of the states providing a centre for rural banking excellence. This could be a one-person or two-person office where there would be expertise on the issues of rural banking. Options could be opened up for the community and it would be somewhere where they could go in the state if the worst happens and they get notice that their bank is going to close.

People will not waffle around for months trying to find out what to do; there is a focal point. In that way the banks accept their social responsibilities and perhaps even partially support and cooperate with them. With those few words, I will pass over to Gail to make some statements in relation to the telecentre network and its possible role in this matter.

Ms Short—It is now widely accepted that, for a community to survive, access to education, health, local government and a technology hub is mandatory. It is to this end

that the WA telecentre network is seeking to provide the technology hub to most rural and remote communities to ensure access and equity to as many locations as possible.

The telecentre network today comprises 50 telecentres and, in accordance with government policy, is seeking to co-locate with other small programs within a community to ensure the best possible use of facilities, lines and equipment. In addition to the 50 established telecentres, the WA Telecentre Support Unit has been funded to enlarge the network to 100 sites. Officers of this unit are now working with an additional 47 communities to bring the network to completion.

The technology available today to assist in alternative provisions of banking services through telecentres includes: Internet at local cost; email; Intranet and Extranet under construction; Westlink video conferencing facility; coordinators; and a range of support services and equipment. From information collected in recent weeks, communities agree that banks will continue to be closed, money will still be required for some time to come and smart card options will become available during the next two years.

Possible options available from a telecentre include: the placement of an ATM machine outside telecentre premises; utilisation of online bill payment and money transfer through the multimedia Telstra phone, which will be trialled in telecentres in the near future; and payment via SmartCard with facilities to transfer from your credit card to the SmartCard, and this could be available at telecentres.

There will be provision of information either online or through print of bank services and provision of a 1800 number to enable direct dial at a cost free charge. Through the Internet, there will be provision of bank sites which provide online calculation of mortgage payments, et cetera, and the provision of email to enable quotes to be provided individually for customers. There will be provision of a professional room to enable visits from a bank manager or personnel to be conducted in a confidential manner, which is important. Support services such as secretarial, reception and bookings could also be taken for banking organisations and loan forms could be made available, et cetera.

Concerns which have been gathered through the state in the last few weeks from telecentres and other concerned people include the following: cash money currently available in the community continues to be depleted as people carry it to other communities and towns; persons who carry money into communities for distribution by EFTPOS are very vulnerable; theft has increased; groups such as the elderly, ethnic and Aboriginal groups are being severely disadvantaged.

Telecentres have not suffered theft to this point. ATMs could encourage this if they are co-located with telecentres or perceived to be co-located. An ATM could utilise technology available at the telecentre while being located in a position not obviously part of the telecentre. EFTPOS is limited sometimes to a \$50 withdrawal. ATMs are also limited, that is, towns such as Derby have a \$500 limit.

A community of 600—and I have left the name out purposely—has the capacity to generate 240 transactions per week with a turnover of \$30,000 and all of that, as our previous speaker said, has to be carried from the community to the bank and in many cases on very isolated roads.

Other issues raised by the communities are as follows: communities do not wish to be involved—and this is coming from them, not us as the Telecentre Support Unit—in any kind of alternative service if it will affect the current banking facilities that they still enjoy; a full banking alternative through telecentres would require such a facility to be properly resourced with staff who are equipped and trained; and lack of personal services—that was also raised previously. Current phone banking options do not allow the user to have a receipt. However, this will be addressed via the Telstra multimedia phone which produces a receipt.

Theft is increasing, as I mentioned above. There is a concern that a life might be lost where it is necessary for money to be carried through lonely areas to a banking facility. We hear this widely talked about in communities and people are very much aware of who is carrying the money. Monies banked in an agency can take up to 10 days to arrive at a major centre.

Aboriginal people have enormous difficulty in getting cash. Many do not feel comfortable using EFTPOS. Credit cards have not been successful. They use these facilities and then lose them. Benefit cheques cannot be cashed. Money cannot be withdrawn from passbooks. Money is sometimes obtained by posting a withdrawal slip and having the money posted back through the local post office in some of the outlying communities. There is strong support for a security firm to bring money in and out of a town to eliminate the need for citizens to undertake this task. It is felt that the best place for actual cash handling would be through a police station, shire office or a post office.

There is a need to assist people to understand new banking options and technology and eliminate technophobia. Telecentres have played a big role in this area and will continue to do so. If telecentres were to take over responsibility for banking, they should become a one-stop shop for all banks. Again, please remember that these are the opinions of the people out there.

Would the federal government consider channelling pension payments through an online facility? That was a request that was strongly made. Telecentres must be compensated to provide the service; the community could not bear the burden of support and infrastructure services. Again, this was ably raised by Mr Max Trenorden with his example of \$4 a day. Substantial insurance would need to be provided to cover obvious issues. Issues such as who pays for the transport and transfer of moneys and who provides the float, would have to be considered. Banks normally pay for the services against a set formula and this would need to be modified for rural and remote locations. Volunteer staff could not undertake banking tasks. Many telecentres, while they have a paid coordinator,

also have a big voluntary staff component. Specifically, employed staff would be required. Back-up staff would be required to fill in during sickness and leave times. All of those, as you can understand, would be a problem. A two-way video link is now becoming a reality in telecentres and online meetings with bank staff will therefore be possible.

Tourism is suffering because of the difficulty in getting cash to some sites. People in some small communities now have to travel well over 100 kilometres to bank facilities. Loss of bank staff is detrimental to communities. Schools, clubs and businesses suffer. Establishment of a community bank has been suggested, and that has been raised before.

What do we want or how can we assist? The establishment of a franchise bank, which has been discussed by the previous speaker, is very similar to that of setting up a telecentre or any other community organisation. The telecentre feels very strongly that it could assist in promoting this concept and establishing such a franchise bank, not to be run necessarily from a telecentre. It is the government's desire that we work in conglomerates so that equipment and staff are shared through a large conglomerate of organisations, which could comprise things like tourism, landcare, agribusiness, the local library and telecentres, et cetera. We would see that perhaps the banking franchise could become part of that conglomerate, as indeed we now have one conglomerate that even includes the police station. They are very much working together to share things.

In conclusion, I would like to say that the WA Telecentre Network's mission statement is: building the future of regional and rural communities through local access to enhance services and a supportive network of communications technologies across Western Australia. This indicates the need for telecentres to be involved in the new era of banking in rural and remote areas of the state and, in consequence, the WA Telecentre Network has requested that I advise the regional banking inquiry that they will provide every assistance to support the decisions of this inquiry wherever possible.

CHAIR—Thank you very much. Ms Rogers, did you want to add anything?

Ms Rogers—I have not prepared a statement, but I am happy to answer questions.

CHAIR—Thank you very much for that comprehensive introduction. Mr Yule, you were talking about the possible expansion of giroPost. Could you tell the committee what steps the state government has taken to try to help facilitate that?

Mr Yule—I think Mr Trenorden has taken the responsibility for that. I do not have any details as to what steps he has taken, but I know you would have had some talks on that matter.

CHAIR—You re-emphasised the point about cash being the main issue. Can you add anything to what Mr Trenorden has already said about what the state government's progress might be on—

Mr Yule—No. Again, it would be fair to say he has been taking the lead on this issue. My intention was to confirm the support across government for that initiative and the hope that it would provide some positive results in terms of cash movements across the state.

CHAIR—You mentioned the three-month requirement for notice of closure. The ABA, in their submission to the committee 10 days ago, suggested they were going to adopt a six-week notice of closure. Would six weeks be enough in your opinion or has it definitely got to be three months?

Mr Yule—My view would be that three months is really a minimum. Six weeks is really not a lot—you hear about it, you get over the shock and three weeks have gone. In the end, they can make a business decision and do what they want, but I would have thought that, to do the right thing by the local community and to allow them to develop some options or at least start developing options, three months would be a minimum.

CHAIR—Thank you. Ms Short, you were talking about the problem of running around with cash. You said theft is up. Do you have any figures to help give the committee a handle on the size of this problem?

Ms Short—I would rather not name the towns, for obvious reasons. There was one case we were told about in the documentation that we got where \$40,000 was lost from a community over a weekend.

CHAIR—From one spot?

Ms Short—That was from one spot. Where you have got 24-hour services that operate seven days a week, it is a problem. People are very open in saying that they fear, and they will tell you the names—I travelled the state for seven years and they will tell you the names of who carries money around. If that gets into the wrong hands! Many of these roads are very lonely and there is great concern that something should be done prior to such an event happening rather than after the fact.

CHAIR—Do you have evidence that the rate of theft is going up? When you said it was going up, can you give any indication by what percentage?

Ms Short—No, I cannot give a percentage because people have been reluctant to name names in the particular areas. I also mention that, for telecentres, in seven years we have lost one television and one video. We have never lost a piece of equipment other than that. There is a nervousness amongst people that, if we open this up to a point where there is cash on the premises, that could be another problem, although they seriously want to help and they can help in every other way other than the cash. We could use our technology to run things like ATM machines, but they do not want it to be obviously placed in the telecentre.

CHAIR—It is a problem we are facing holding public inquiries on this whole business of security. On the one hand, we want to try to get the information but, on the other hand, we cannot expect people to volunteer information that would be useful to people with the wrong intentions. It is a responsibility we all have to face and we have to handle it the best way we can. The other point you were talking about was the possibility of telecentres taking on an ATM. I was curious to know why you would be volunteering to want to do that, given what you have already said. What was the thinking behind that?

Ms Short—As I just alluded to, it is mainly to do with the technology. The technology that is coming—and very soon—will allow ATMs to be run off it. It is a bit of stop-go at the moment because we hear that this technology is coming and then we hear that people are holding back because the next version is ready, and you mentioned the Leonoras before. But that equipment can operate an ATM at a very cheap cost, so we would feel duty bound that, if that equipment is in a telecentre, we could offer that to run the ATM, as long as it was obviously situated as not being part of the telecentre so that we did not suffer break-ins.

CHAIR—What you are saying is that you would have the online facilities but you would locate it somewhere else?

Ms Short—Yes. It could be located next door or it could be located in a bricked-in area, as you see now in shopping centres, where it obviously does not belong to the shops on either side. That would not be a problem.

CHAIR—In our discussions with Bank SA and their operation of agencies and their terminal system, one of the advantages they saw in that agency was that you could to some extent arrange the cash flow of a community so that it actually circulated rather than anyone having to carry a large float or as large a float as they would without it. Do you have any evidence that that can work quite effectively in small communities?

Ms Short—We actually had evidence to the contrary. We had a conference hook-up the other day and people were saying that, if one community has a special day, money flows from the other communities to that community and they lose the cash flow from their own communities. If a golf game is situated at a club 98 kilometres away, it all goes in that direction. How do you divide it up amongst six communities again? While in theory it should work, it is not working.

Mr CAUSLEY—Are the telecentres self-sufficient? Do they fund themselves?

Ms Short—Telecentres in Western Australia are set up jointly by the state and Commonwealth, and they are on-funded up to \$20,000 per year for a part-time coordinator. Some telecentres have a number of part-time coordinators and generate funds for themselves; others rely solely on the \$20,000. It depends on each community. Obviously, the more vibrant communities do better than those which do not have a

number of services, but it is the government's feeling that every community has the right to have this facility or a technology hub, otherwise it will be detrimental to it.

Mr CAUSLEY—From what you are saying, there are facilities available for access to the Net and, theoretically, I could find a private room where I could do banking over the Internet?

Ms Short—Yes, that is correct.

Mr Yule—Telecentres offer some obvious options for banking other than getting cash out. You can go to your telecentre office and fill out a loan application to be sent off to the bank. While there are many options other than getting cash out, the cash problem remains in getting cash when you want it in your community. I think telecentres have a tremendous role in those other banking functions—applying for loans, et cetera—that people need to do from time to time.

Mr CAUSLEY—It would be fair to say, though, that in all rural or isolated areas education of the community would be a problem and you would have to provide those education facilities to teach them how to use this technology.

Ms Short—We are actually doing that now. We have just attracted moneys for seniors, and we are teaching them how to use an EFTPOS machine, an ATM and those sorts of facilities. I previously mentioned the SmartCard, which will also come into it. We feel SmartCard will solve problems, particularly if we undertake the task of educating people and making them feel very comfortable with it. Terri is involved at the coalface with this more than I am. It will be very simple for us to hold the SmartCard facility, which will allow you to transfer from your credit card on to your SmartCard for the weekly amount that you want. Then you can utilise that to buy simple things like sugar, the paper and that type of thing. So, to some extent, we can solve and cut down the cash needs very simply, but it does get back to the basic problem of how we address the cash. We are very comfortable with all the rest.

Mr CAUSLEY—So, theoretically, I could go along and book a centre for a 10- or 15-minute period to use those facilities. Is that how it works?

Ms Short—You simply walk in and use the multimedia Telstra phone, for instance, to pay your bills, transfer money to your SmartCard or transfer money from your credit card to the bank or vice versa. You would be able to do all of that. We start the trials with the first nine of those in the very near future.

CHAIR—You may have said this before, but in how many towns do you have telecentres operating where there is no bank facility?

Ms Short—No, I did not say it before. I do not have that figure, but I would be

happy to get it for you. Terri, would you like to make a comment?

Ms Rogers—I do not know the figure for the area that I cover. I know there are towns that have telecentres which have recently lost banking facilities, but I am not sure of the figure across the whole network.

Mr CAUSLEY—BankWest told us this morning that when they withdraw from an area they try to make sure that there is either an agency or a super agency available. Do they also contribute towards a service such as yours if they vacate an area?

Ms Rogers—In a number of situations, the bank building has been purchased by the community and is being utilised as the telecentre building. There is often a debate about whether that bank building should be gifted to the community to be utilised as a community organisation, but often it is a commercial transaction and the bank building is purchased by the community or the shire to be used for another purpose.

Mr CAUSLEY—So there was no generosity shown when they sold it?

Ms Rogers—Not generally.

CHAIR—Can we follow up another point that you alluded to earlier. There was a suggestion in the *Australian Financial Review* at the end of last month that low income earners tend to be relatively poor users of new technology. In your experience, do you find that is a problem? Do you find that is common? What is your experience of that?

Ms Short—Telecentres have just taken on Centrelink in two of the locations. Terri has had extensive experience with one of those, so I will get her to comment. But, yes, we do find that it is a problem. But it is also a problem, as I said before, with the elderly. People who have not grown up with technology seem to be far more concerned about using it than those who are going through the system these days.

Ms Rogers—Merredin is one of the telecentres that is piloting the Centrelink agency. Having Centrelink clients coming to the telecentre is exposing them, in a way, to the technology that is available. For a start, there was a touch-screen computer with the national Job Network available by that technology. Now it is available by the Internet. They can access the World Wide Web site to access the Job Network and the job vacancies nationwide, so it is an education process. They are generally a technology poor sector of the community and they are being exposed to it by coming into the telecentre, which is holding that agency.

Ms Short—Perhaps I could add to that. I mentioned in my statement we are building an Extranet. There will be simply an icon which says 'Banking'. People coming into the telecentre can touch 'Banking' and then be asked which bank they want to contact, rather than having to chase through the Net looking for the facilities online. We

are hoping that, by utilising such a simplistic model, people will feel more comfortable and gradually we can introduce them to the home pages and, through those, to the Intranet itself.

CHAIR—We might conclude at this point of the hearing. Thank you again for coming before the committee and thank you very much indeed for some very valuable input.

Ms Short—Thank you.

Proceedings suspended from 3.23 p.m. to 3.45 p.m.

[3.45 p.m.]

ARTHUR, Mr Grant Phillip, Acting Director, Wheatbelt Development Commission, PO Box 250, Northam, Western Australia 6401

MORRISON, Mr Colin John, Assistant Director, Wheatbelt Development Commission, PO Box 250, Northam, Western Australia 6401

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 and, accordingly, the giving of false or misleading evidence may be considered a contempt of the parliament. We have received a submission from you, No. 39. Are there any additions you would like to make to that?

Mr Arthur—No, we have no additional written material.

CHAIR—Would you like to make a brief opening statement?

Mr Arthur—Yes. At the end of proceedings we can put some of it in writing if that is required.

CHAIR—We will take it in proceedings, so we will have it.

Mr Arthur—We will probably take a slightly different tack. You will hear a fair bit from the other speakers about cash and cash transactions. What we would like to talk about more is the broad regional development issues associated with finance and financial services. We fully support what the other people have indicated. I think one of the opportunities for the state and the federal governments is to support some of those ideas to make sure that they come into fruition, because there are a number of really interesting concepts that the telecentres were putting forward that, with support, will actually happen.

One of the issues in this region is that people talk very much about the IT&T opportunities to handle financial services. One of the things I think we have to be wary of in regional areas, and in the wheat belt region, is the uptake of Internet technology, and people's awareness of what is available through that is very, very limited. Over the last couple of years, the Wheatbelt Development Commission has put a lot of emphasis and resources into trying to raise awareness and into trying to raise opportunities for Internet access. We are starting to get some breakthroughs now and people are starting to be interested in those types of concepts, but we are still a fair way off actually getting people really taking this on with a vengeance.

We need to be aware of the lead times of people taking up some of this technology. I often hear financial services people saying that there are opportunities to use Internet and to use Internet banking and smart cards and a whole range of those sorts of

things. We talked today about six weeks or three months notice for a bank to withdraw, but people in regional areas do not have that speed of take-up of technology, and we do not have the wide use of technology in the communities at this stage to be able to handle that type of thing.

There are a whole lot of community attitudes that need to be overcome as part of this whole process. A lot of the reluctance to lose banks is caused by people being quite frightened. They have lost a lot of other things over a period of time. I do not believe it is always to do with reducing populations and reducing population size. I think economic rationalisation has got a lot to do with it, and we see banks being removed from communities that are not decreasing in population—they are actually increasing in population. We hear stories of banks being removed from suburbs in the metropolitan area that are dramatically increasing in population. It is a change issue, and it is an economic rationalisation issue probably just as much as it is a rural decline issue.

We believe that this regional area—the wheat belt region that we are representing here today—has a very positive future. We believe that the rural decline that has been experienced by this area is at least decreasing in momentum, and we hope it will turn around fairly soon and that we start to see some positive things happening.

Some parts of the region are growing and some parts are in decline. That does not always seem to be a direct reflection of where the banks are going and are not going. There is a whole lot of other factors there, as I said before.

The Wheatbelt Development Commission is a state organisation responsible for regional development. IT&T is a big part of what we are trying to do at the moment. We work closely with the Telecentre Network, TAFE and a whole range of other people. We have done a strategy for regional telecommunications infrastructure that has identified that training and awareness are major issues. It is talking about training, how to turn a computer on and how to load software, so we have a different vein of things out here.

One of the things that has not been talked about a lot is the role of actually being able to discuss financial issues with a person face-to-face. In these regional areas we have a lot of sole proprietors and small business people who, if it were on the formula of Internet banking, would often not be able to borrow money because the prices of assets in the regional areas—like those of your house and everything—are often not the same as those in the metropolitan area. There is a whole lot of issues concerning sole proprietors and small business people in actually borrowing money. A lot of the way they go through that process is with their local bank manager, so they can go in with someone they know and someone they work with and work through the process.

The other thing in certain areas is the skill level of putting together business plans and putting together proposals for funding with some of the small business people in these areas who have relied for a long time on that local contact with the bank manager. In

addition to this cash transaction issue, there is the issue of how we make sure that small business people are still in the financial market and able to borrow money not only to start businesses but to expand their existing businesses in a way that is suitable for them.

One of the things we would like to see is a regional development approach to financial services. Other services lacking out here are legal services, some other forms of financial services and health services. There has been a number of proposals put forward in Western Australia for telehealth. People involved with the RTIF will be aware of some applications that have gone forward for funding for that, and this funding has gone up to the state level as well.

As for concepts associated with telehealth, one is the ability to get into a room which is completely confidential—that is what you were talking about a little bit earlier—and having a dialogue with your bank manager, even if he or she is quite remote from where you are. A lot of those sorts of services do not exist.

Full bandwidth teleconferencing services at both ends, with extremely confidential environments, do not exist at this stage. But there are real opportunities to use telehealth or the legal service or a combination of legal, telehealth and financial services to start to provide those services to the telecentres and other things that are available in the regional areas.

On a positive note, rather than continue to concentrate on some of the issues, I suppose there are many sorts of things the government might be able to do. I think the RTIF type initiative is a very good initiative. There needs to be more money in there, especially for this side of the country.

CHAIR—Yes, keep going!

Mr Arthur—We have spoken to the people at RTIF. Western Australia is such a huge area with such big telecommunications issues but with such a small portion of the pie that we can really only do demonstration projects over here with the RTIF money. With that type of money, I think there is a real opportunity to do a lot of work on financial services.

I think the other thing is to take an all of government—which is a bit of a cliché I suppose—type of approach to it, recognising state structures, recognising things that are happening already and working together to try to overcome some of these issues. In that I include the banks. Perhaps the banks, the regional development commissions and the telecentre networks could be supported with some RTIF style funding to come up with ways of actually moving the communities along to change their banking habits.

What happens now is that people wait till the bank leaves and then throw their arms in the air. When they know it is a fait accompli, they have to rush around and, all of

a sudden, try to come up with some alternatives. If we started to work on the precept that everyone is going to lose their bank over the next five or 10 years and started to work seriously on alternative banking solutions—even for the parts of what are currently supplied by the banks—I think we would be in a better position when these issues came up.

There is a real opportunity for government to take that training and awareness role and to prepare regional areas for change. I think there is a bigger need to prepare the regional areas for change. They do not have the same exposure to media and they do not have the same exposure to a lot of the things that are happening. The shopping centres do not have many ATMs—four or five of them perhaps in the middle of a shopping centre—and whole ranges of different services. Some of the regional areas do. The wheatbelt has 70,000 people and the biggest town is of 7,000. We are in a different situation in rural Western Australia where there are very few large towns, and I think there is a real regional development opportunity to get involved.

To examine the impacts of economic rationalisation on regional areas, not only from the banking institutions but from a whole range of people, and to try to, as I said, work across different portfolios to minimise those effects, there is a real training opportunity. One of the problems with training is that we have centrally designed packages. You have a little awareness package that is either designed in Perth or Melbourne or somewhere and everybody has a look at that and it does not work for 90 per cent of the people. Somehow we need to be a little bit clever in designing targeted and tailored clever types of training opportunities that do not just raise people's awareness but influence their behaviour. One of the things that we have noticed, especially in telecommunications—which I tend to be concentrating on only because it is put up as the solution to all of the problems of financial services—is a lot of awareness raising, but we do not see a lot of behaviour change. We actually have to influence behaviour rather than just raise awareness.

What I am proposing sounds a little bit like an interventionist activity by government, which is probably not the trend. With this rapid change in areas—and I think one of the benefits of financial service change is the fact that it is pushing a lot of the thought patterns in regional areas about changing the way we operate in a whole range of ways—there is a real opportunity to get involved, and to get proactively involved, rather than the government coming along once a town is either politically or economically decimated and trying to prop it up and fix it up, and to be in there as change managers for regional areas.

That is probably all I have to say on this. We did not want to concentrate on what has been covered by everybody else. I do not know where the federal government is heading with its regional development policies and where it is heading with the future of RTIF in the longer term, but there is a real opportunity to try to match financial services, telecommunications infrastructure funding and an approach to regional development, and

work in with the existing structures in the states. You have only heard today about the telecentres and the regional development commissions, but we have got a BEC network out there; there is an extensive network of local government—we have got 44 local government authorities in our region—and there is a splattering of government agencies. There is an opportunity for the Commonwealth and the state to work together to promote co-location of Commonwealth, state and even the private sector in terms of banking agencies in these individual towns so that they can have a range of services.

There are some initiatives in Queensland with their one-stop shop type of things. I do not know how they work, but the concept is to have all of those services available at one place so that even the smaller communities can have them. Mr Morrison might have something else to add and then you are more than welcome to ask questions.

Mr Morrison—You have covered most of it. I have a couple of comments in relation to our submission, taking on board one of the things that Grant was talking about, and that is taking a wider view than just the banking industry, when we discuss things like information technology or information telecommunications infrastructure. There is a big push on at the moment to upgrade the universal service obligation for telecommunications. This obviously has a very big impact on some of these telecommunications. In Western Australia, we still have a lot of areas that do not have access to good bandwidth, good data transfer rates, so we should continue to look wider than simply the banking industry.

The other side of the telecommunications infrastructure or technology is that, until we get to the stage of *Star Trek* type technology, it still cannot move cash. Using technology, we still cannot move cash from one point to another point, so this cash management situation that previous witnesses have been talking about is still very important and will continue to be important.

Mr CAUSLEY—You can move the cash but not the stuff you are referring to?

Mr Morrison—Exactly, yes—the coin and the paper. Until we get to the stage where we have a cashless society, and who knows when that will come, we certainly need to consider some of these issues that our small business people constantly raise with us and that have been raised earlier today. The only thing is the seven-point plan that has been put forward by the Australian Bankers Association should be congratulated. It is a step in the right direction.

There are two points we could say about it. Firstly, it has not been our experience of what has happened in the past by any stretch of the imagination. I think your next witness will discuss that in a little bit more detail. Secondly, I want to stress again that six weeks notice, especially in regional and rural areas, is nowhere near enough time for a community to be properly educated, properly prepared, for the loss of that resource.

CHAIR—Thank you very much for your comprehensive approach. Just by way of

background, I take it from comments you have made that the Wheatbelt Development Commission not only covers 154,000 square kilometres and 44 local government areas but also a population of 70,000.

Mr Arthur—That is an approximation, but that is an indication, yes.

CHAIR—And you are funded wholly by the state?

Mr Arthur—We are fully state funded.

CHAIR—No local input?

Mr Arthur—No. The regional development commissions in Western Australia are fully state funded for normal operations, but then we do get involved with projects in partnership with other groups. So we sometimes administer other funding, but our operations are funded fully by the state.

CHAIR—And you have representatives from all of the local government areas?

Mr Arthur—No. There are nine people on the board and three of them are appointed from community nominations. Local government chooses three board members through their own balloting processes, and the minister appoints three people, one of whom is the director, who is an ex officio appointment.

CHAIR—I was very interested in hearing you talk about providing a range of services like legal services, health services and so on, as well as banking and telecommunications. Have you been able to develop this anywhere in the wheatbelt region?

Mr Arthur—The states recently put some money up for a trial for what they are calling community resource centre projects and, as a result, we are working with Southern Cross in the shire of Yilgarn to try to amalgamate the library, education and the telecentre. We do a lot of work trying to do that, trying to talk people into going in together. The states are working with the Lotteries Commission to get more money into community resource centres to actually provide an incentive for co-location.

It is our belief that in a lot of these small communities one of the things that the telecentre should offer is bandwidth, because once we start talking about full video conferencing and confidential services we are talking about a much greater bandwidth than we have got on offer at the moment, and a much greater bandwidth than we can probably expect on the farms for a period of time. The only way to get the bandwidth in at the right amount is to co-locate and share resources. We do it informally by talking to people, and there are a couple of formal approaches in to try and do that at the moment.

Mr Morrison—At the state level, a telehealth proposal has been put forward which incorporates putting bandwidth into regional areas for telehealth purposes, but using the excess for a whole range of other things.

CHAIR—So it has started, but it still has got a way to go?

Mr Morrison—It has still got a way to go.

CHAIR—You were talking about looking forward, planning for five years hence, and saying there are some services, particularly bank services, that probably will disappear from a lot of centres. How far have you developed that in terms of local community thinking to say, ‘If we’re going to lose this bank in two or three years time, what does it mean?’

Mr Arthur—We have not done it so that it is specifically aimed at banking, but what we are trying to do with our communities is go in and say, ‘You are not going to lose some of these services but the way these services are delivered is going to change.’ It is a positive approach as opposed to a negative thing. Our project team meets with individual communities and talks to them.

Historically, things have been wholly funded by government but, as governments further privatise, they are starting to act more like the private sector and are more interested in backing winners than backing losers. If you keep talking yourself down, then attracting private and public sector investment may be difficult.

We spend a lot of time talking to communities and going out there and saying, ‘You need to prepare yourself for change.’ We have got an Avon Smart community project that we are putting forward at the moment where we will have Avon online as a demonstration project for the wheatbelt to get online community information, local government information online, and to start to promote electronic commerce online as well, with the idea of showing that you can do this in a regional area and other people can do it as well. We have currently got an application before RTIF to assist with the funding for that as well. There is a whole range of things. We are using telecommunications as the platform as we try to sell this change. Then we use banking services and health and all that as the example.

Mr CAUSLEY—There is a lot of evidence before this committee that has been given by different groups, not just the banking community, that some of the worst offenders when it comes to banking outside the town are the farmers themselves. I think of myself because I am a farmer too. We have had evidence that they tend to bank in the regional centres or in the city centres. Not every farmer does that but a number of them tend to bank outside the town. Isn’t it a contradiction when the farmers start to complain about the bank closing?

Mr Arthur—It is. One of the issues that we find in regional areas is people wanting to protect the status quo, even if they are not using it.

Mr CAUSLEY—Like trains, et cetera?

Mr Arthur—Yes. That is what is there, and that is what has always been there. We are trying to go to people and say, ‘Let’s develop a change mentality rather than a status quo mentality.’ But you are right. To encourage people to use local services we say, ‘Your services have to be better than those they can receive elsewhere, otherwise people won’t use them.’

The interesting thing with about farmers not using local services is that they are often the ones with the biggest deposits and the most money. That is an issue. It is an issue that I do not know how to overcome, because people need that freedom of choice, and there is a confidentiality issue there as well which was raised earlier today, that some people do not like to have everyone else’s kids—

Mr CAUSLEY—Confidentiality or snobbery?

Mr Arthur—A little bit of both maybe. It is the confidentiality thing in a very small community where you know all the people who work in the bank and they know all your details. Sometimes that can be a bit of an issue.

Mr CAUSLEY—It surprised me, quite frankly, that there was not a bigger uptake of PCs and the Internet facilities in the farming community here. That is quite contradictory to what you might find in the east, because there is a fairly big percentage of farmers over there who have been using PCs for their budgets, their forecasts and for access to the Internet for quite some time. I think the figure is 30 per cent.

Mr Arthur—It was not the farming community I was referring to, it was the total community. Our total regional population is not all farmers. In our total population there are different pockets. We have 20 per cent to 30 per cent computer ownership in some areas. We have some areas that have 10 per cent computer ownership. Farmers do have a high level of computer ownership. They have a big problem with getting on line because of bandwidth. A lot of the people in the towns have a very low level of computer ownership.

When we look at our total population, our computer ownership is not up there with the metropolitan area and some other areas. In the farming community itself, their computer ownership is about the same as the metro area, from the figures that we have been able to get hold of.

Mr CAUSLEY—My other question is probably related more to farming too, so it may not be relevant. In the past, big stock and station agencies and big rural companies

have given credit to farmers. Wesfarmers would probably be the biggest farmers organisation in the country. Can you see them entering into an agreement like the Commonwealth Bank has just done with Woolworths for banking facilities?

Mr Arthur—The way a whole range of services is going to be delivered is going to have to be different. People like Wesfarmers and Elders and the telecentres and all these people are going to have to be able to provide a range of different services in a different way to maintain their customer base, and Internet banking may be one of those services.

Some work was done overseas a few years ago with an accounting package where they started to put together insurance packages and a whole range of things attached to it. They will be forced into that so that they can provide a comprehensive service, because once people start using online services a lot more those types of companies are going to have to offer a broader range of services than transport, wool and farming equipment.

We are still in a situation where, somehow, even with the new satellite technology that is going to be available to farmers, all that will do is get them to catch up to bandwidth as everybody else moves to the next level. There is still going to be what we call a bandwidth centre in each town which provides the full range of services, confidential video conferencing and all that. Elders and Wesfarmers may provide that bandwidth centre in the community, or the telecentre may provide it, or they may do it together.

We have not seen a lot of evidence of great involvement by those companies with the telecentres at the moment, but the telecentres also have not really targeted the farmers. So there are a whole lot of issues there about who your target markets are and how you can work together.

Mr CAUSLEY—With farmers and businesses in rural communities, a couple of the major banks have said that they are setting up agribusiness centres and that they are going to have roving managers who can go out onto the properties or into the businesses and speak to clients that way. Would you see that as being beneficial?

Mr Arthur—Any face-to-face contact is going to be useful, because of some of the things I mentioned before. There is not only the need to talk face to face, but somebody needs to get an understanding of how the rural area is different. One of the problems that we face here—and it is more on a personal level—is that, if you go into the bank even now to get a loan, it has to be approved away from where you are. It is done by formula, with no calculation based on where you are. That face-to-face contact and the opportunity for that input is important.

I sometimes get a bit sceptical, because they say that they have a roving person who roves an area as big as Western Australia and visits once every two years. If there is

a very regular contract, I think it is a good thing. If that contact can be backed up with real-time video conferencing and a whole range of other opportunities, it would be good.

Mr CAUSLEY—Banking has changed over the last 10 years. Managers have become almost a thing of the past and the way of assessing loans has changed ever since Alan Bond. It is cash flows now; it is not collateral.

Mr Arthur—Yes.

Mr CAUSLEY—Banking has changed completely. Therefore, I understand what you say about needing some knowledge, but the whole process has changed. It has been thrown more back on to the customer, hasn't it?

Mr Arthur—I think, if you remove any face-to-face opportunity, you will accentuate that change even further. It becomes a complete formula. You fill in the boxes on the Internet and you are either approved or disapproved. The people who do not need the money will probably be able to get it and those who do need it will not.

There are two separate issues. You have the farmers who are in a financial arrangement anyway one way or another, through either loans or overdrafts and a whole range of things. There are a lot of other people in communities who might want to set up small businesses, such as sole proprietors and those types of people. We do not see evidence of a lot of venture capital and interesting financial arrangements coming out into regional areas for small start-ups.

Historically, the ability to be able to work with your people at the bank and get them to know you and then put in a good word for you at the other end has diminished. You are right, and it will diminish more if it becomes completely impersonalised.

Mr CAUSLEY—Everyone is fighting over the body at the present time, and when they have finished fighting over that do you not think niches will be developed or opened up for lending opportunities? They will see an opportunity and they will access or target that.

Mr Arthur—I do. I think the regional areas need to be abreast of that and they really need to push. Our view is that we need to get our people ready for that change. What would generally happen is that that change happens in the metropolitan area and we are five years behind the change. The way technology accelerates, the five years would become almost 20 years, if you know how far behind you are. That is why I was getting back to what the governments can probably do. They can try to prepare the communities for the change, rather than waiting for it to be forced on them by necessity. I am not certain exactly how to do that.

CHAIR—You are asking me to use that famous adjective. That is a courageous

decision, particularly in the current political climate. Could I come back to your submission. You talk about the use and movement of cash and the problems associated with Australia Post restricting movement of cash. Stories abound of retailers being forced to travel hundreds of kilometres to the nearest bank, et cetera with thousands of dollars on the back seat. Do you have a lot of evidence of that occurring? Is it increasing?

Mr Morrison—As the previous witness indicated, it is very difficult to get people to say exactly what it is. The staff within the commission do a lot of liaison throughout the area. Certainly, the verbal feedback we get constantly is that this is a problem, it is happening and will continue to happen. People are—if not scared—at least concerned that this is occurring.

CHAIR—Have you had any discussions with Australia Post about their change?

Mr Morrison—No, we have not.

CHAIR—One of the other comments you made in your opening remarks was that people have an awareness change but not so much a behaviour change. What steps can you take to try to help facilitate that second point?

Mr Arthur—I started to allude to it. We are trying to target and tailor things to individual communities. Awareness raising is traditionally done generically from a central base. You would not talk to anyone who is not aware that the Internet is important and that banking is going to change. Everyone knows all this stuff, but they are not actually changing their behaviour at a rate that is going to keep up.

The sort of thing we can do is to have some more demonstration pilot projects in regional areas like we are doing here with the Avon online, so that people can see. We get people to come and talk to our regional areas about what is happening with online banking and online shopping and they say, 'That's happening in Seattle. We can't do that here.' So they are aware that it is happening in the outside world, but they are not quite aware how they can change their behaviour.

In order to get bandwidth into towns, there needs to be a bandwidth centre in every town with people there who can train people in how to use it. There needs to be some direct hands-on type of training and what I call awareness raising, which is actually the next step to just sending brochures out and putting things on TV. We are trying to work at the moment towards getting something like a telecentre on wheels that is towed around by semi-trailer with some real good bandwidth in it so that we can show people what is possible and they can play with it and touch it.

A lot of people in regional communities need things they can touch. So it is actually trying to push people into the next level, rather than just letting them get overrun and then having to catch up. It is the sort of thing that requires lots of little steps for a

long-term gain, because you cannot force the stuff down people's necks.

As I have mentioned, the RTIF funding and two of the pilot projects they can fund are very important to us. The Peel Development Commission has got a pilot at the Rural Innovations Centre down there. There are a number of things like that happening and I think we should get more of that.

The other thing is that there seems to be some sort of restriction on what can and cannot be funded by the RTIF in terms of content development and that type of thing, which starts to prohibit and narrow its use. I understand that they make a decision centrally and, whatever they do, if they do it for one person, they have to do for everyone. Therefore they have to be very careful. But somehow working with the existing state systems and other Commonwealth systems to come up with some interesting initiatives that are tailored to individual areas and are not bound by guidelines and rules might be the answer.

CHAIR—You say that, but the RTIF funding has gone to a range of projects in different parts of regional Australia. There is no set piece that they will fund this or that. It is a matter of each region putting in an application for a particular type of funding, isn't it?

Mr Arthur—Yes. They will not fund web site development or content for web site development. They will fund awareness raising programs or infrastructure provision. Infrastructure provision is interesting when \$25 million over five years is provided for Western Australia. In a state this big, you do not get a great deal of infrastructure for that.

They will fund awareness raising programs and programs that promote electronic commerce and those sorts of things which are excellent. I have no problem with the sorts of things they fund. They will not fund web site design and content for web sites. They just do not want a flood of applications from every person that they cannot fund.

There is a way of tailoring that to allow some really interesting regional demonstration projects that just may involve that as part of the process. Hopefully, in the future this will not be a fund that just disappears and drops off. We hope that it goes on or that there is some more money in there.

CHAIR—We were hoping that until Saturday. I would like to thank you both very much again for coming before the committee and for all your help with the work that we are doing in Western Australia. It is really greatly appreciated. Thank you for appearing and for your submission.

Mr Arthur—We would like to thank you very much for coming over here. We do not see too much of this in our region. It was good.

Proceedings suspended from 4.19 p.m. to 4.26 p.m.

HADLOW, Mrs Allison Lee-Ann, Coordinator, Kulin Telecentre, PO Box 223, Kulin, Western Australia

HADLOW, Mr Gregory, Chief Executive Officer, Shire of Kulin, PO Box 125, Kulin, Western Australia

SULLIVAN, Mr James Michael, Deputy President, Shire of Kulin, PO Box 125, Kulin, Western Australia

CHAIR—Welcome. 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 evidence or misleading evidence may be considered a contempt of parliament. Is there anything you would like to table for the committee?

Mr Hadlow—No.

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

Mr Hadlow—Yes. We have not prepared a written submission. As you have said before, it is all taped, so this is basically our submission. Kulin is a small rural town of about 400 people, with a shire population of just in excess of 1,000. We lost our bank, which was the National Bank and was the only bank in town, in March this year.

I will follow up on a comment that Colin Morrison alluded to before. We were informed by the bank about 12 months or so before that our bank was safe and things were looking rosy. The next thing that happened was that, with one month's notice, we were told that it was closing. We were given no indication that the bank was under threat.

In fact, when the bank first approached the council 12 months or so before it closed, there was fairly intense lobbying by the community to get accounts transferred to Kulin and there were large accounts transferred. Kondinin is not a great distance away in relation to some of the distances you have talked about today with some towns. It is 23 kilometres north and has two banks, the National and BankWest.

Kulin is a vibrant community and we try to keep improving things by keeping up with the normal types of projects such as town beautification, business attractions, et cetera. We are currently in the process of discussing exactly what Colin and Grant alluded to in relation to the co-location of the community centre. I will be in contact with him after today's meeting in relation to telehealth, banking facilities and all of those sorts of things.

Some of the issues I would like to talk about have been raised, such as getting cash

to the bank which is certainly a problem. I had a potential situation with one of my staff where she did not refuse but was very reluctant to take money by car to the bank up the road. I do not know what would have happened if she had refused. I am sure we would have had a union problem. I would suggest that that is probably a problem everywhere.

I have surveyed as many small business people in the town as I can, including farmers. Their problems include having to travel to the bank and, where it is a one-man show, having to either close their doors whilst they travel or doing it during their lunch break. That is certainly an impost on them. The security issue has been raised as far as money in the back seat of cars is concerned.

The full impact of the closure perhaps has not been felt as yet. I was speaking to a farmer's wife this morning. She is the secretary of a local sporting club. She told me she has never intentionally shopped out of town, but now that she has to run the sporting club's money up to Kondinin she does her shopping in another town. We have a particular problem in Kulin in that our shire is about 140 or 150 kilometres east-west and only about 30 kilometres north-south. Basically, the population to the east of the town can directly access the town of Kondinin for banking services, so they no longer have to come into Kulin to shop. That is an obvious problem. I do not have any real figures on it, but that is one that she mentioned. She spends at least \$100 a fortnight every time she goes up there.

Mr Trenorden alluded to the problem in Brookton recently where some money was stolen from a bank agency. Although I do not have it on good authority, I believe that there was some dispute about who actually was responsible and who would be paying the insurance—whether it is the agency or whether it is the bank.

We have a situation regarding a small school in Pingaring. It is about 50 kilometres east of Kulin and about 60 kilometres north of Lake Grace. The parents have voluntarily agreed to close the school, but out of about six or eight families only two of those wish to send their kids to Kulin, even though it is closer. The reason given is the lack of banking facilities. That is an impact on the town. The catchments have actually been changed now, so any people who move into that area in the future will automatically be allocated to the Lake Grace school. That is a problem.

The impact in relation to personal service—the inconvenience of having to travel for loan negotiations and overdrafts, et cetera—I had a recent case where two of my staff had to take time off work to go up and negotiate loans with the bank out of town. That is a loss of productivity.

One business in town has noticed a 25 per cent drop in turnover since the bank closure. A similar shop in Kondinin has noticed a 40 per cent increase. Another shop has noticed a drop, although they do not have any figures to substantiate it as yet.

Recently a staff member went to Kondinin to do some business banking and a staff

member of another business asked her to pick up some cash for her. The bank actually refused to give it to her. They did not trust her to deliver it. In the end, it was sorted out, but it was quite embarrassing and may well have been a slur on this particular person's character.

The issue about the lack of personal service was mentioned. If the agribusiness managers come around, they will certainly provide the service, but in a state the size of WA whether they get around to everyone often enough is another issue.

The Kulin Council has certainly bandied around the idea of a community bank. We feel sure it would be well supported, hence my comment earlier about being in contact with Grant and Colin later. Hopefully we will be able to pursue the travel agent and insurance agent matter.

Our doctor's surgery has noticed a decrease. The doctor and hospital are in Kondinin and they service Kulin, Kondinin and Hyden. We have noticed that the numbers attending the doctor's surgery in Kulin have dropped off and they are increasing in the other areas.

I think that is just about the lot. The main issue is that the town of Kulin is prepared to accept new technology. That will happen. The problem is that all the issues I have raised today have probably been raised before by small communities. We may not be here by the time the problems are solved. Businesses are closing or have the potential to close if something is not done as soon as possible.

CHAIR—Thank you. Would you like to make a comment?

Mr Sullivan—No.

CHAIR—You were talking about interest in the community, but what about agencies? Have you had an opportunity to talk to any of the people like BankWest about setting up an agency in one of the local shops?

Mr Hadlow—We spoke with the National before they left and asked them to provide an agency. They refused outright, with no negotiation at all. In fact, it was very difficult to speak to them. They did not want to know. Whenever I rang, I said, 'It is Greg Hadlow,' and they said I could not speak to them. BankWest have indicated an interest. I doubt we would have the turnover or the transactions required to interest them in coming in as an agency. We have looked at the other ones. With CreditCare, once again, we probably have not got the transactions. We have had a look at giroPost, but Mr Trenorden alluded earlier to trying to get the number of transactions down.

CHAIR—I think he mentioned 12,000 minimum per year. We have also heard 10,000.

Mr Hadlow—I have not done a lot of research into the number of transactions that we potentially could have, but 12,00 would be a struggle and 10,000 may be a goer.

Mr CAUSLEY—How long ago did your bank close?

Mr Hadlow—In March this year.

Mr CAUSLEY—We have been given evidence from a number of the majors that they would negotiate with the local community and, particularly, with the local shire council. But, from what you say, it was the reverse.

Hadlow—They rang me on the Monday or Tuesday before the February council meeting, which was on a Wednesday, and said, ‘We want to see you.’ They were very guarded and I had an idea that something was going to happen as far as service reduction, but I certainly had no idea that it was going to close. I said, ‘Would you like to come to the council to discuss what you want to discuss,’ and they said no. They actually met with me on the Thursday at 10 o’clock and just said it. That was basically it. Terri Rogers mentioned the fact that some communities have been trying to appeal to the generous nature of the banks to get some sort of compensation, perhaps with the building. We were just thrown straight in with a tender situation, the same as anyone else.

While we are talking about the generosity side of it, I would like to make one point. I actually got quite a nasty phone call from our manager about the Shire investing elsewhere. It was the first time, I am aware, that we invested our surplus funds elsewhere. Prior to and since that time, which was about 18 months to two years ago, we have invested our surplus funds with the National Bank at one to 1½ per cent less than we could get elsewhere. It is all one way, isn’t it? We supported them because they were part of the community.

CHAIR—Has the Shire itself been able to look at the question of setting up some sort of agency arrangement?

Mr Hadlow—No, not really. I am relying on advice from the task force that was set up. It does not appear that the size of our town would be attractive.

Mr CAUSLEY—Where do you bank now?

Mr Hadlow—Kondinin.

Mr CAUSLEY—Are you still with the National Bank?

Mr Hadlow—For a while! It is just a busy time of the year, that is all.

Mr CAUSLEY—It is interesting, because when they come before this committee

they tell us that, when they close down their banks, a great proportion of their customers stay with them.

Mr Hadlow—The reason the council has not done anything is that it has been a busy period. We would love to change, but it can be a bit messy. I am sure there are some costs thrown in there that make it unattractive to change. I think that is why the people would stay, because it just becomes too difficult.

Mr CAUSLEY—What other towns are there in the shire? Is Kulin the main centre?

Mr Hadlow—Yes.

Mr CAUSLEY—Are there no other towns of any consequence?

Mr Hadlow—Only Pingaring, which has 20 or 30 people. We have another community, Dudinin, to the south, which is probably about the same with 30 or 40 people. Holt Rock is not really a town, but there is the Holt Rock-Varley area. The town of Varley is just out of the shire of Kulin by about a kilometre, way out in the south-east of the shire.

CHAIR—You mentioned that about 12 months before the closure there had been a bit of a rallying by the locals to shift accounts back to the Kulin branch. Have you any idea of the size of the accounts that were moved across?

Mr Hadlow—No, but I know that some that were moved were some of the larger farmers. On that point—and I do not really know how far I can go here—the large account holders were certainly encouraged to negotiate their overdrafts at other branches.

CHAIR—We have had that evidence from others, so you can go ahead. We are well aware of this.

Mr Hadlow—It seems obvious to us that it was, ‘Your transactions are dropping. Why have the bank here?’ I have even heard it said—and it is only hearsay—that banks have a policy that they will close any branches in one-bank towns, and that is it.

CHAIR—There has certainly been evidence of that on some occasions. I do not know whether you would say it was automatic.

Mr Hadlow—That is only hearsay.

Mr Sullivan—The information that came to me regarding the amount of business at the bank was that, if any new business had come into the Kulin branch, they would have had to put on more staff. They would have had insufficient staff to work the hours to

do the business.

Mr CAUSLEY—And soon after they closed?

Mr Sullivan—Yes. That is when they closed.

Mr Hadlow—Actually, that was raised at the public meeting. The staff working there were flat out and they did not want any more accounts because it would have meant another staff member having to be put on.

Mr CAUSLEY—How many staff were in the bank?

Mr Sullivan—They had three at that stage.

Mr CAUSLEY—What happened? Were they then employed at Kondinin?

Mr Hadlow—No. The manager was transferred to Perth. One staff member was redeployed into Kondinin and I think the other one gets casual work at that branch when it comes up.

Mr CAUSLEY—Theoretically, they probably downsized by two.

Mr Hadlow—Yes.

Mr Sullivan—They did. My understanding is that they redeployed one to Kondinin and they redeployed the other one on part time. But what they did was remove the part-timer they already had in Kondinin. She lost her job. Nobody could say they had removed any staff to close the branch.

CHAIR—Was it a five-day service before?

Mr Hadlow—Yes.

Mr Sullivan—Yes.

Mr Hadlow—It was our understanding that the bank in Kulin was making substantial profits out of the Kulin branch, and they closed. I know it is private enterprise and there is very little that we can do from a government point of view. Even if it were a three-month minimum announcement, it would certainly help in some small way.

Mr CAUSLEY—That is an interesting point because the banks say that that only extends the pain.

Mr Hadlow—Possibly.

CHAIR—As the banks put it to us, on a commercial basis the longer they leave you in limbo by saying, ‘We will close,’ the more opportunities there are for their competitors to pinch some of their customers. That is their other line that we get.

Mr Hadlow—To go back to the comment made earlier about if accounts had increased, there did not appear to be any great encouragement to increase the accounts.

CHAIR—I am sorry to hear about your loss.

Mr Hadlow—I really think the impact has not been felt in Kulin yet. I am sure you would be aware of that from submissions from other towns that have been affected. It started five-odd years ago or perhaps more. The impact on those towns is probably huge. After five years—although I do not know—perhaps some of them have found alternatives and managed to keep going and others have perhaps floundered a little bit. I do not know.

CHAIR—I have had a case in my electorate in western Victoria. The little town of Macarthur lost its National Bank in February. Bank SA opened negotiations, and it took a little while to get the telephone lines in place, but they have now opened an agency in Macarthur, which is about 30 minutes drive south of Hamilton.

Mr Hadlow—Perhaps Allison might like to comment. We have particular problems with our Telecom line, which hopefully is being addressed as far as Internet access goes.

Mrs Hadlow—We do not currently have affordable access to the Internet in Kulin, but we have been listed for the exchange to be upgraded to digital. One date banded around is September. The most recent one I heard was the end of 1999. We are not too sure when this is going to happen.

CHAIR—It has certainly been a policy of the current federal government to accelerate those upgradings. I think we have delivered in most places, but it sounds like you have got one that we are still working on.

Mr Hadlow—Yes. We will just have to keep pushing that.

CHAIR—Yes, that is true.

Mrs Hadlow—On the staff side of the banking, the staff were overworked to the point that the telecentre actually did some bank work.

CHAIR—Can you elaborate on how much you were doing?

Mrs Hadlow—Not a great deal, but form letters to clients and other things.

Mr CAUSLEY—Were you contracted to the bank to do this?

Mrs Hadlow—Yes. The staff did not have time to do them.

Mr Sullivan—I think that in our situation the big problem is not the closure of the bank. The big problem is the vacuum that is there with nothing to fill it.

Mr CAUSLEY—We would have loved to have had this evidence just before we had the chief executive in to see us. It would have been very good.

Mr Sullivan—Had the bank closed in three years time, some of this telecentre stuff and that type of banking would be probably well on the way. It would have been available to shift straight into the town.

Mr CAUSLEY—He was the gentleman who gave evidence to us in Melbourne who said that they were not about to provide a social experience for customers.

Mr Hadlow—That is fair comment too, I suppose. It is a commercial enterprise and obviously they are out to make as many dollars as they can. Perhaps we have been a little bit naive in supporting them.

CHAIR—After the closure, have you any idea how many customers have stayed with the same bank?

Mr Hadlow—No, I have not get any figures at all. I would be surprised if many have moved yet, mainly because there is still an air of expectancy that we are going to provide something. If they change banks now and a BankWest agency starts up, for example, they may have already gone to the Commonwealth Bank or something like that. That is perhaps why there has not been a lot of action in that area. And, of course, there is the talk about the four banks or whatever using the one-stop shop.

CHAIR—Yes, that has been put forward in principle. We have to see it delivered now.

Mr Hadlow—I do apologise that I have not got a lot of facts and figures.

CHAIR—You have not got a lot of good news either, and neither has the community, unfortunately.

Mr Hadlow—No.

Mr CAUSLEY—We get the message.

CHAIR—I would like to thank you very much again for coming before the

committee. I would also like to thank all the witnesses who have appeared before the committee today. 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.

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

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 4.51 p.m.