



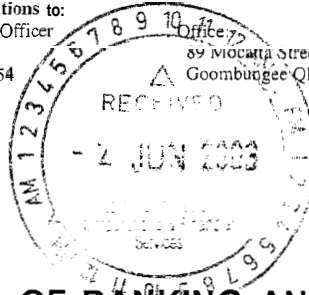
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Rosalie Shire Council

The Bridge between the Darling Downs and South Burnett

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Submission to :

INQUIRY INTO THE LEVEL OF BANKING AND FINANCIAL SERVICES AVAILABLE TO AUSTRALIANS LIVING IN RURAL, REGIONAL AND REMOTE AUSTRALIA.

Thursday, 22 May, 2003

Firstly, Rosalie Shire Council would like to thank the Committee for the opportunity to make a submission to this Inquiry. It is a privilege to be invited to appear and comment on the important issues being investigated by the Committee.

Background

Rosalie Shire contains an area of approximately **2198 sq kilometres** and has a population of around **8698 people**, which is growing at the rate of about 0.9% per annum. It was proclaimed as a Local Authority area under the Divisional Board's Act of 1879 on **11 November 1879**.

The Shire has a **strong rural base** mainly in the areas of dairying, grain production and intensive animal industries. Recent times have seen the establishment of the New Acland Coal mine which, when in full production, is planned to produce up to 3,000,000 tonnes of coal annually, mainly for export. Also, over the past 15 to 20 years the south-eastern corner of the Shire has experienced considerable residential and rural residential **development** with over half of the population now residing in the towns in this part of the Shire.

The Shire is characterised by its many **small village settlements**. Many of these are now only a fraction of the size they grew to at their peak while others are growing at rates at least equivalent to the State average, if not quicker. The Shire has been serviced by up to four (4) banks over the last century, those being in Yarraman, Peranga, Haden (on the boundary of the Shire with Crows Nest Shire) and Goombungee. **Today only one banking establishment exists and that is a Bendigo Bank agency in Yarraman.** It is operated by a Yarraman resident. Banking facilities are available at other centres such as Goombungee and Yarraman. These operate through the Australia Post facility of Giro Banking. Residents access banking facilities in Toowoomba, Oakey, Dalby, Nanango, Kingaroy and Crows Nest. It is understood that there is limited use of technologies such as internet banking due to the demographics of the Shire.

Discussion

Terms of Reference Item (a)

The options that exist currently for Shires such as Rosalie are limited. None of the banking institutions are interested in establishing facilities in their own right and, of course, Council does not have the financial capability to do it either.

The avenue being followed at this time is through the **Rural Transaction Centre Program**. The establishment of a facility under that Program is thought to be quite possible and a formal application will be lodged in the near future.

The reason an application has not been lodged to date has revolved around the lack of suitable premises in the town of Goombungee. The history is simply that with the change in the rural industries and the loss of banking and other Government services in the town some years ago, the premises which used to provide these services have gradually taken on other uses, mostly not commercial. As such, they have not been available for Council to acquire or lease/rent. Council is currently moving through a process of designing changes to the current Shire Administration Building (and adding other facilities such as increased library area and a cultural centre) that will provide room to accommodate a transaction centre. It is currently proposed for this centre to include banking facilities as well as the provision of other commonwealth government services. It will be integrated into the current **Queensland Government Agent Program Agency** that operates from the same building.

Council has gone through a very rigorous process to reach the decision to apply for a Rural Transaction Centre in Goombungee. The initial report suggested two possible locations with the other being in Yarraman. Subsequent community consultation indicated that due to Yarraman's proximity to other larger centres (e.g. Kingaroy) and the presence of Bendigo Bank in the town, other avenues could be followed to provide the missing Commonwealth Government Services into the town.

The Goombungee proposal will hopefully bring many banking services to the town and surrounding area that are not available locally at present. Although the finer detail has yet to be worked out, it is likely **Council will work either with Bendigo Bank or Heritage Building Society**. Both of these entities have expressed a willingness to work with Council on the project. Also, both are not conventional banking institutions in that they operate on different models to the larger banks. The result is that they are attracting an increasing number of customers, which is also meaning larger profits, but is being done through a customer service ethos. As such, Council intends working with one of these institutions to hopefully bring banking services back to the Goombungee district.

Another suggestion that has come forward has involved providing a service of some nature to the residents in the more outlying areas of the Shire. At present Council operates a **mobile** library that visits a number of these towns, and the thought is along the lines that a similar model could be used. The mobile library has been an outstanding success with the response from residents extremely positive. A banking service is a different matter, though, and before anything concrete could be done further detailed work needs to be completed. It is felt though, that the idea has merit and is worth following up.

Terms of Reference Item (b)

Many traditional farming communities have taken to the new technologies easily because of the **ease of operation** and the fact that they can be accessed virtually **24 hours a day**. Council itself in recent times has introduced payment of accounts by way of telephone banking and EFTPOS through the Shire Administration Building. It has been very successful in offering options to our ratepayers for the payment of their accounts. Providing easier access for the payment of accounts has not meant more ratepayers have been inclined to pay their rate accounts on time. Unfortunately, the current drought has played a significant role in ensuring the outstanding rates figure remains higher than Council feels comfortable with.

The difficulties seen with internet banking and the like stems from comments below where the older residents are not computer literate and therefore do not take up the options provided by this technology. There are people in the communities of all ages who would be prepared to use computers for at least part of their banking requirements but are not confident enough to take the first step. This underlying problem could be reduced with **training to improve** their confidence and skills with this new technology.

No matter what the availability of computers and training, we do not live and work in a cashless society and access to cash is a major factor in the requirement for banking services.

Terms of Reference Item (c)

It is an undeniable fact that the loss of banking facilities in a town or district leads to the **loss of other services and facilities**. Money makes the world go round and when the primary money handling entity leaves a town there is an immediate and substantial loss of other businesses. What follows is a loss of government services and further facilities, to the extent that the town shrinks to a fraction of its size.

Banking, and the availability of the associated services, is a basic and necessary precursor to the operation and retention of commercial and government entities. Without these basic services in their local towns residents are required to travel to other towns to obtain them. The consequence is that other commercial activities are undertaken at the same time because of the convenience. The resultant loss of trade in the small towns eventually leads to businesses closing and the loss of government services and agencies. The process is compounding as the closure of each business puts more strain on those left. **Employment is lost** and the downward spiral continues until either the town itself is closed or only a very few commercial operations are able to remain. The population has also dwindled and moved away as the employment has dried up and the services removed. **Decentralisation is dealt another blow** and those who remain are left to fend for themselves and **pay a premium** for deciding (either voluntarily or because of circumstances) to remain in their districts.

Banking and the types of services offered have expanded in recent times. The advent of **digital technology and computers** has given greater emphasis to the potential for bank closures. It is cheaper to offer a service from a central position with minimal staff than to go to where the customer is and really "provide a service". Moreover, these new technologies are promoted as the **way of the future** with personal service and attention being reduced all the time.

Unfortunately, the **older residents** of our districts are the ones that feel it the most. Not only do they experience more difficulty travelling to the larger towns to obtain banking services but they do not understand computer technology or terminology. Consequently do not own a computer and are therefore unable to take up the services provided along these lines and never will be. Often these residents have not changed their accounts to the new "plastic" form and are used to dealing with a person rather than a machine. The lack of facilities in the rural areas to handle the requirements of this sector of the community certainly adds to the feeling of alienation and seclusion they feel.

With the average age of the population in rural areas higher than in the more urbanised areas this represents a problem of considerable proportions. Eventually it is one of the major factors in our older residents taking the decision to move to the regional towns and cities, and taking with them their experience and knowledge. As well, the extended family unit, which is more defined in these areas, is broken down adding more costs for such things as family visitations and the loss of another portion of that vital social fabric that rural communities rely on so much for survival.

There is also no doubt that the **attitude of Banking Institutions varies** depending on whether a property is located in an urban or rural district. The situation that has been brought to Council on a number of occasions is that of the percentage deposit required when purchasing a house. Purchases in urban areas require a lesser deposit (usually 5%), whereas the rate required in rural towns is

20%. The reasons for such a large difference goes to the economics of the transaction, so Council has been told.

The lower purchase prices in rural areas means that the actual dollar contribution (for the deposit) is equivalent to or less than that required in the urban area and the potential for loss is supposedly higher. What is being missed is that the income levels in rural areas are lower than that is earned by our city cousins and the 20% represents a significant proportion of the cost of the house. The prices paid for the houses is lower to reflect the market but the likelihood of loss can only be the same if the due diligence tests done on the purchaser are the same for both situations. The end result is that the refusal of the bank to provide a loan adds weight to the negative side of the question "Why should I stay here?". Consequently, the attitude of the banking sector and their inability to provide beneficial services to the rural areas, not only means the older residents are disadvantaged **but also the younger set is as well**. The obvious conclusion from the above examples is that the banking sector is contributing to the demise of rural communities by not providing quality services but they are prepared to hold onto any deposits that may be there and pay the minimum interest possible.

The attitude to business is the same. Traditionally businesses in rural areas have been extremely loyal to their banking institutions. Unfortunately, this **loyalty** has not been returned in recent times as banks have withdrawn from country towns and applied the same rational to businesses, as does the proverbial debt collector. When times are tough **rural businesses (including primary producers) are asked to do the impossible** and restructure their debts and accounts. In recent times this has often meant reducing the debt component to something that is virtually impossible given recent conditions in this Shire with the Dairy deregulation program and the continuing drought. Compassion for, understanding of, and loyalty to, their rural customers is forgotten and all that is of concern is ensuring the bank's bottom line is maintained at the present time. Someone else will look after the future.

It is difficult to place the next point. Council is unsure whether the problem lies with a particular bank or whether the system that feeds the **Automatic Teller Machines** is at fault. The situation is that a business in Goombungee arranged for the installation of an ATM. It has been well received and used by the Goombungee public. However, it is only able to hold limited amounts of cash and this is extinguished in a couple of days requiring it to be refilled. The difficult part is that there does not seem to be an organised service in place to ensure the machine is refilled when necessary. It sits for days with "out of order" signs on it waiting for cash. The very same situation it was meant to stop. If the banking system that controls the circulation of cash is unable to arrange replenishment of one ATM in Goombungee their commitment to rural areas would have to be questioned.

Terms of Reference Item (d)

No comment submitted on this item.

Conclusion

The layout of the Rosalie Shire makes the provision of reliable banking services to all areas a difficult but not impossible task. Council is attempting to address some of the problems that exist but experiences resource difficulties when attempting to come up with answers for problems that it is felt should be answered by other levels of Government. The Rural Transaction Program seems to turn the light on at the end of the tunnel but it is a long tunnel. The Program is run out of Canberra and Brisbane by people who have great sympathy for the problems being experienced but no real appreciation of the difficulties they are trying to assist to solve. Is there any way the Federal Government could allow a program set up to assist rural areas be administered through a similar area?

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