



**NORTHERN
MIDLANDS
COUNCIL**

**Our Ref: 76383
GM:LG**



21 August 2002

**Dr K Dermody
Secretary
Parliamentary Joint Committee on Corporations and Financial Service
Room SG.64
Parliament House
CANBERRA ACT 2600**

Dear Dr Dermody

**RE:
INQUIRY INTO THE LEVEL OF BANKING AND FINANCIAL SERVICES IN
RURAL, REGIONAL AND REMOTE AREAS OF AUSTRALIA**

Thank you for your letter of 31 July 2002, inviting Council to make a submission to the Committee regarding the level of banking and financial services in rural, regional and remote areas of Australia.

The Northern Midlands is one of the largest and most diverse municipalities in Tasmania. It covers an area of 5,130 square kilometres and ranges from mountainous country to extensive grazing lands. The municipal area is rural in nature and includes six principal towns, ranging in population size from 2,829 to 273 (ABS 1996 census).

Over recent years, the number of banking facilities in the Northern Midlands has declined markedly, to the extent that now, only two towns have banking facilities. In both these towns, there have been banking facility closures, leading to a monopoly by one banking organisation in the Northern Midlands.

Whilst Council appreciates the retention of these banking facilities, it has two major concerns about this monopoly situation.

P.O. Box 156
Longford Tas 7301

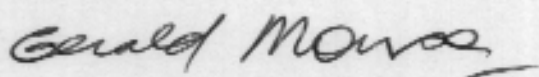
Telephone (03) 6397 7303
Facsimile (03) 6397 7331
www.tasmaniacentral.tas.gov.au

Firstly, the banking organisation concerned has only made a commitment to maintain these facilities until 2004/5. Should the decision be made to close either or both facilities at that point in time, vast tracts, if not all, of the Northern Midlands will be left without banking facilities (it is assumed that banking organisations that have previously withdrawn from our towns would not return should the current provider withdraw services).

Secondly, the majority of Northern Midlands businesses are small in nature and lack the resources and market power to 'shop around' for the best banking option. Further, they are often not in a position to fully understand the clauses and conditions in banking contracts. As an example: one local small business recently reported the experience of their banking facility making an unauthorised transfer of funds from a personal account to the business account held at the same branch. When this was queried, the operator was referred to a clause in the agreement that condoned this practice. Such practices in a monopoly situation are not conducive to good practice and working relationships.

I wish the Committee well with the inquiry and look forward to the outcome report.

Yours sincerely

A handwritten signature in cursive script that reads "Gerald Monson". The signature is written in dark ink and has a horizontal line extending to the right from the end of the name.

Gerald Monson
GENERAL MANAGER