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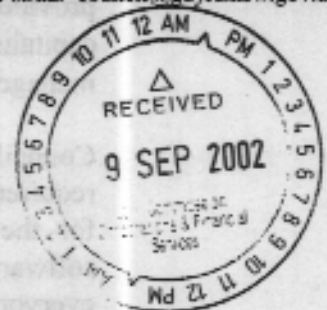
OUR REF: B-011-000-1

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4 September, 2002



The Secretary
Parliamentary Joint Committee on Corporate & Financial Services
Room SG64
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

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

I refer to your letter dated July 31, 2002 which invited submissions to the above Inquiry. Please find below comments, observations and recommendations by this Council that may assist you with your inquiry.

For your information, Guyra Shire is located on the top of the Northern Tablelands in the New England region of NSW. The Council services a population of 4,202 people and an area of 4,369km². The Council is based in Guyra, situated on the New England Highway approximately half way between Sydney (650km) and Brisbane (450km) and is 40km north of the regional town of Armidale.

(a) Options for making additional banking services available to rural and regional communities, including the potential for shared banking facilities;

Refer to (b) below.

(b) Options for expansion of banking facilities through non traditional channels including new technologies

Council has a number of options that it believes should be investigated in order to expand the banking services available in rural areas.

Council believes that rather than close branches in rural and regional areas, financial institutions should consider other methods of providing face to face banking in the towns from which they are considering withdrawing their services. There are a number of options available that would see the financial institution maintain their presence in the town as well as meet their objectives of reducing the costs associated with face to face banking.

One of these methods involves forming a partnership between existing business and the banks in pursuing an agency or an in store arrangement. This could see a bank "shop front" being set up in an existing business. This would provide face to face banking services to those customers who wish to use such a service and also provides the existing business with a customer throughput that they are able to capitalise on. These agencies will need to be serviced on a regular basis by managerial and loan staff to assist customers with more advanced enquiries etc.

Council extensively uses electronic banking facilities to meet its banking requirements. Council finds these facilities cheap, convenient, and readily allow for the transfer of data between the banking facilities and Council financial software. Council does, however, acknowledge that electronic banking is not for everyone and that some members of the community, particularly the elderly, are not comfortable using this technology.

One criticism of the banks push for customers to use online and electronic banking products is the lack of training provided to customers in using these products. It is Council's view that more people would utilise these products if they were shown how the product works. Until customers gain the confidence in using this technology they will not start to utilise electronic banking. The banks need to consider providing demonstrations of what electronic products are available and how easy they are to use. Demonstrations could be provided at local shows, service club meetings, libraries, schools, community technology centres, their branches and shopping centres. Once people see what is available in electronic banking and how easy it is to use, more people will use these facilities.

A partnership arrangement could also be entered into with local libraries and community technology centres, who have qualified, computer literate staff, and computer facilities, to assist in education and training in order to encourage online banking.

One of the main criticisms that Council has of the financial institutions in Guyra is that there are no persons with decision making power in the branches or agencies. Generally customers are advised to contact the bank's regional office for anything other than a deposit or withdrawal.

The use of video technology may assist in providing face to face contact with an appropriate person of authority in the bank who may be located in another town. A separate booth or room could be set up for video conferencing in each branch. A similar facility may be able to be shared between the various banks in the same town. Relevant documents could also be faxed between the locations and if done professionally, every thing that could be carried out at a face to face meeting could be carried out via interactive video conferencing.

(c) The level of service currently available to rural and remote resident;

Guyra is fortunate to be one of the few rural areas that has actually gained a bank branch in the last four years (Colonial/Commonwealth Branch). Guyra currently has a National Australia Bank and a Commonwealth Bank branch in town. Guyra also has an agency, in an existing business, for the New England Credit Union and the Commonwealth Bank, together with an "in store" Westpac branch.

The Westpac and National branches have gradually been down graded over the last five years and now contain no managerial staff or staff with any decision making capacity. These facilities are provided from Armidale which is some 30 minutes (40km) away. Some of the concerns of residents, in this regard, may be overcome if such staff members visit branches and agencies on a regular basis or provide these services via a video link up, as mentioned above.

Council also has a concern with the current operating hours of the financial institutions in town. The main objection is that they are closed during the busiest time of the day, over the lunch period. While Council acknowledges that this is due to staffing numbers and to ensure the safety of staff, it seems ridiculous and inconvenient to most customers to close during this busy period. A solution to this problem may be to relocate branches into existing business where staff can be shared to cover lunch breaks etc.

Council is also responsible for the town of Tingha, some 70 km from Guyra which supports a population of approximately 800 people. Tingha is approximately 15 minutes from the regional town of Inverell. However, a large proportion of residents have limited means of transport to get to Inverell to undertake their banking requirements

Tingha is very poorly serviced from a banking perspective with the post office providing very limited banking services on behalf of the Commonwealth Bank. The local Hotel also provides a cash withdrawal facility by way of EFTPOS to residents. Tingha is a town that Council believes would benefit enormously from a co-operative partnership between a financial institution and an existing local business in the town, to jointly provide financial services to the community.

(d) International experience and policies to enhance and improve the quality of rural banking services

Council has no comments to provide on this particular issue.

While Guyra Shire is relatively well off in the amount of financial services available in the Shire, it is well aware that a change in the policy of the major banks has the potential to change this situation overnight. Banking services are considered vital to the ongoing viability of small towns. There are only a small number of other services that can have such a dramatic effect as a closure of a bank branch in a small town.

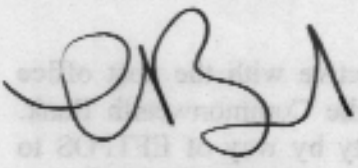
What is of real concern to Council when a bank closes its branch, is the multiplier effect that it has on the community. Not only are local jobs lost to the town, but ultimately families leave the town thus providing added pressure on schools, health facilities, business and other services in the town. The closure of bank branches also can result in people being required to conduct their banking business in other towns. This has the added strain on small towns, as while people conduct their banking business in other towns, they also tend to conduct an increasing amount of other business in that other town thus reducing the viability of a number of other businesses in the town which lost the banking service.

Local businesses suffer the most following the withdrawal of banking services from a town. Individuals generally received their payments from their employers via electronic funds transfer and can withdraw funds via EFTPOS or ATM. However, most businesses deal in cash and cheques and thus rely on having facilities to deposit the day's takings. If there are no banking facilities in the town, businesses have to travel greater distances to undertake their daily banking. A town without banking services will also find it hard to attract new businesses to the area as a result of the reasons outline above.

Council believes that with the technology available today, together with the potential to build a co-operative partnership with local business, that there is no reason for a bank to remove its presence from a rural or remote town. Council encourages the banking sector to pursue all alternatives prior to withdrawing their presence from a small town.

If you require further information regarding this matter please do not hesitate to contact Council's Director of Finance and Administration, Mr Andrew Johnson, on (02) 6779 1577.

Yours sincerely,



GEOFF BROOKS
GENERAL MANAGER