



Tasmania



PREMIER

- 4 NOV 2002

Senator G Chapman  
Chairman  
Parliamentary Joint Committee on Corporations and Financial Services  
Room SG.64  
Parliament House  
CANBERRA ACT 2600

Dear Senator Chapman

Thank you for the opportunity to provide a submission to the Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia. I apologise for the delayed response.

The Tasmanian Government will not be providing substantial comments on the Terms of Reference on this occasion. However, the Government is currently trialling a partnership arrangement with Westpac which relates to one of the Terms of Reference:

*Options for making additional banking services available to rural and regional communities, including the potential for shared banking facilities*

The partnership has been operating for several years and has successfully delivered banking services to a regional community that would have otherwise had no such facilities.

A brief overview of the partnership arrangement and some lessons learned from the process are provided in Attachment A.

I hope that these comments provide some assistance to your Inquiry.

Yours sincerely

Jim Bacon MHA  
Premier

## **Attachment A**

### **A Case Study: the Tasmanian Government's approach to shared banking facilities**

#### **Government Infrastructure**

*Service Tasmania* was established in 1997 by the Tasmanian Government to provide Tasmanians, particularly those in rural and regional areas, with the opportunity to conduct their every-day business with Government on a one-stop shop basis, over the counter, over the phone and over the Internet.

The initial focus was whole-of-State-government. However, through a series of successful partnerships with Local Government and the Commonwealth, and an increasing awareness of the scope and nature of eGovernment, the focus shifted.

*Service Tasmania* now works closely with Local Government and the Commonwealth to develop customer friendly bundles of services that overcome the boundaries of government in the interests of the customer.

Currently, over 400 services are provided over the counters of 24 *Service Tasmania* Shops in addition to around 50 phone and Internet bill payment services.

A fee is charged for the delivery of Commonwealth and Local Government services. This is a market based fee that takes account of competitive neutrality principles in accordance with National Competition Policy.

#### **Tasmanian Government and Westpac Partnership**

*Service Tasmania* currently has a Partnership Agreement with Westpac to deliver limited banking services through its *Service Tasmania* shop at Triabunna. This partnership commenced in 1998 and was implemented on a pilot basis for a trial period of 12 months.

The Westpac services at Triabunna form part of the nationwide Westpac "In-Store" network. Complex banking services such as housing loan approvals are not included, although a referral service is provided.

#### *Factors underpinning the Government's involvement*

A wider role for *Service Tasmania* shops was under consideration at that time, as a means of offsetting local under-servicing, following the withdrawal of private sector providers (particularly banking services) and to assist in the economic viability of rural townships in Tasmania.

It was believed that a partnership with Westpac would inform the development of government policy regarding the delivery of "third party" (non-government) services through *Service Tasmania* shops. Triabunna was chosen for the pilot because it was already in the shop roll out schedule and no other full transactional banking services were available in the town.

Following the trial period, a survey was conducted which showed a high level of community support and satisfaction with the banking services being provided. As a result the Government and Westpac agreed to continue the partnership at Triabunna. A formal contract exists between Westpac and the State Government.

There are no plans to extend the Triabunna shop banking service arrangements to other *Service Tasmania* shops. A review of "third party" services delivered through *Service Tasmania* shops determined that, as well as there being contestability issues, the State Government should not be involved in the delivery of private sector services where there are other prospective service providers (eg Australia Post) in the town.

*Some operational details of the partnership arrangement*

The banking facilities installed at Triabunna are directly connected to the Westpac network and owned by them. Separate cash handling arrangements have been agreed. Westpac is able to extract statistical reports automatically from their system.

Formal review arrangements were applied during the first two years of the pilot partnership with joint quarterly reports (including transaction analysis) being prepared. However, as the partnership has matured these formal reviews now occur on a biennial basis and there is an increased emphasis on informal operational level consultation.

Westpac provided *Service Tasmania* staff with appropriate training at the outset and monitors performance quality and standards as part of its In-Store operations. This includes inspections with notice as well as access to information contained in reports extracted from their systems network.

During the course of the Westpac pilot and partnership, the policy of a market based fee has been applied, with the exception of a period of time when the avoidable costs exceeded the market based fee, and a fee was negotiated based on meeting these avoidable costs to ensure that no cross subsidisations occurred.

*Challenges and lessons learned*

There has been a significant challenge to the parties in reconciling the staffing, reporting and service delivery principles that apply when government is the service provider. It is usually the case that the standard contracts and business rule templates that the private sector use in the marketplace have to be modified to meet government requirements. Staffing issues must be in accordance with the *State Service Act 2000*, reporting lines are primarily through a Head of Agency to a Minister and service delivery principles must accord with those applying on a whole of government basis

The main lesson learned is that government and the private sector can work together successfully in partnership to deliver private sector services through government facilities. However, this should not be in competition with other private sector providers unless contestability issues have been resolved. Other lessons are that there should be community support and that there should be no cross subsidisation.