



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FINANCIAL INSTITUTIONS AND
PUBLIC ADMINISTRATION

Reference: Regional banking services

WYNDHAM

Monday, 10 August, 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

HAMMOND, Mr Andrew Charles, Chief Executive Officer, Shire of Wyndham—East Kimberley, PO Box 1191, Kununurra, Western Australia 6743	800
LEE, Miss Robyne Elaine, East Kimberley Business Enterprise Centre, PO Box 420, Wyndham, Western Australia 6740	827
LEWIS, Mr James William, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740	800
MAHOMET, Mr Adrian John, Manager, East Kimberley Business Enterprise Centre, PO Box 420, Wyndham, Western Australia 6740	827
MIDDAP, Mrs Maxine Sinclair, Shire President, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740	800
THORLEY, Mr Ivan John, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740	800
VAGG, Mr Clinton Quigley, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740	800

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Present

Mr Hawker (Chair)

Mr Albanese

Mr Willis

Mr Anthony

Mr Wilton

Mr Hockey

Committee met at 1.50 p.m.

Mr Hawker took the chair.

HAMMOND, Mr Andrew Charles, Chief Executive Officer, Shire of Wyndham—East Kimberley, PO Box 1191, Kununurra, Western Australia 6743

LEWIS, Mr James William, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740

MIDDAP, Mrs Maxine Sinclair, Shire President, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740

THORLEY, Mr Ivan John, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740

VAGG, Mr Clinton Quigley, Councillor, Shire of Wyndham—East Kimberley, PO Box 188, Wyndham, Western Australia 6740

CHAIR—I would like to welcome all witnesses here today. This committee is looking at services in regional and remote Australia and those currently delivered throughout the traditional bank branch network. We are delighted to be here today. I thank you very much indeed for all your assistance and also apologise for the fact that this is our second attempt. We have been very keen to get here to hear your story. Thank you very much for the opportunity to come here to Wyndham.

The committee has had over 130 submissions. We have visited every state and territory to cover those submissions. I believe that the inquiry is making a lot of headway. The Australian Bankers Association has already responded to some of our earlier concerns. Some might say that they want to see more but that it is a start. Could you give us a rundown on some of the concerns that you see—some of the changes that are occurring, and some of the good and the bad?

Mrs Middap—Thank you very much for coming, because this is a matter very dear to our hearts. I would like to start with a few points and then I am sure my colleagues will jump in with lots of examples of things.

Banking is an essential service. It is not a nice option to have; it is as essential as health and education, though not quite as essential as power and water, obviously. Like it or lump it, this society runs on money. Most people use money or finance in some form every day. Even small children, before they go to school, will start to learn how to handle money.

I have been to the hospital maybe once in the last six months. Other people will probably have similar stories. They may use their health services regularly or irregularly, but they will use banking services very regularly—every week. For some people it is more than once a week. It just depends on your set-up. Again, lots of people use education facilities, but more people use finance and banking facilities. So it is a very important principle to establish that banking and finance is an essential service that is just as essential for people in the country as it is for people in the city. It is not the case with this service that if you happen to be sophisticated and live in a big town or city you are really up with finance and you need it, whereas if you live in the country you are not quite with it anyhow and do not have the same needs. That is absolute

rubbish. Everybody needs access to good financial services.

How do we value things? A cynic might say that politicians value people only if they are in large numbers and happen to cast their votes the right way. I would prefer to think that people have an equal value throughout Australia, be it in the country or in the city. Therefore they should have similar provision of essential services. It could well be said that people in the country, because of what they produce as far as export income goes, are considerably more valuable than most of the people in the cities. But it is much easier in the end to say, 'Let us not squabble about whether you produce anything or whether you just live off the country or where you live.' It is a case of saying, 'This is Australia. We have always had a very egalitarian attitude to things and we believe that finances and essential services should be provided equally. It should not matter where you live.'

We then go on to looking at some options. It is easy to criticise, but let us throw up some options. I will go through some that have been thrown at us. The shire here has taken a very positive step, and they put in an agency here when the bank pulled out. We were probably one of the first shires to do so. It has certainly been the best stopgap—but it is only a stopgap. It is not a complete financial service. It is not the answer. I do not think any bank or anybody should say, 'You have an agency; therefore you are all right. Do not come and bother me.' It is not all right. It is the best of a bad choice, but it is certainly not the answer.

Australia Post is busy waving its flag and saying, 'We will have GiroPost.' That is fine—it is 50c a time—but not everybody happens to like to do their financial business in front of the rest of the town. Part of the value of the bank was that you did have some privacy and you did have some standards set down. The bank did not have a set-up where everybody in town could see what you were doing and how much you were doing, whereas the post office is like a shop: people are free to come and go, stand around, talk and what have you. It does not have the same privacy; it does not have the same accepted confidentiality that a bank does and, as I said, they charge for it anyhow.

Electronic banking is fine up to a point. Because of the nature of the town and the area, that does not really do you a great deal of good when you are dealing in cash and when you have an economy that is largely a cash economy. A prime example, and one of the limitations here, is that the agency cannot carry a lot of cash. When a group of people are paid by cheque—because they have to be paid by cheque—they cannot come here and cash their cheques because there is not sufficient cash. They take their cheques over to Kununurra and cash them there, and they spend them all over there. This town would recently have lost I think up to \$60,000 worth of business because it did not have a bank.

Mr Vagg—It was \$200,000.

CHAIR—Is that per year?

Mrs Middap—No, that was just recently.

Mr Vagg—That was one instance of a royalty amount that was paid by mining companies to outlying Aboriginal communities. There was \$200,000 in royalty cheques and there is another lot coming soon. That money cannot be cashed here; that will end up in Kununurra and be spent there.

Mrs Middap—Lack of an essential service is affecting the town's economy and everybody else who lives in the town. With regard to phone banking, I sat on the phone for half an hour the other morning trying out BankWest's new fast phone number. It was engaged from 8.30 to 9 o'clock in the morning. It is ridiculous. Even somebody who is not in business does not have time to sit around and wait for goodness knows how long before they get through on a phone. In addition to that, I think even in the city, it has been not loudly acknowledged but it has been acknowledged that people still want and need face-to-face banking. EFTPOS and automatic tellers have their place but they do not replace the need for face-to-face banking.

It is no good even the bank manager coming over here, because he has no computer facilities. If I say to him, 'Can you tell me what balance is in this account or that account? If I shift this from here to here, how do I go?' he cannot help me. He cannot do anything because he cannot pull it up in front of him. I cannot see it in front of me and he cannot see it, so it is a waste of time. Again, that is another limitation.

Could I suggest that, if you do have the willingness to accept that banking and financial services are essential, even if it comes down to a community service obligation, and that is looked at, as I understand it you would probably do quite well by putting it out to tender because then there would be some competition in providing the services. But, failing that, as I understand it the Commonwealth Bank is still owned by the taxpayers of Australia. They have the majority ownership. I do not know, I just asked a senator that recently. If that is not the case then they gave me the wrong information.

Regardless of that, it still did not seem to affect Telstra. When Telstra put the shares on the market those shares were snapped up, and Telstra has a community service obligation. There was no effect on that company's share value when somebody said, 'Let us buy into a company that has a CSO.' So I cannot see that it would affect any bank shares if they had something similar.

I will leave it there for now and some of the others will give you some prime examples of the limitations of alternatives. They might sound fine on paper but the reality leaves country people decidedly disadvantaged.

CHAIR—Thank you. Would anyone else like to add to that?

Mr Lewis—The effect on the Aboriginal population and outlying communities of closing the bank in Wyndham is that phone banking, electronic banking and cards present difficulties for a large proportion of the Aboriginal population because of their low literacy levels. They are unfamiliar with the use of cards and with the phone banking system.

When they closed the bank here it had quite a marked effect on the Aboriginal population because they had built up a rapport with the bank staff and the bank staff knew who they were. The ones who have difficulty with phone banking and electronic banking services had bankbooks. They prefer to have bankbooks. They used to leave their bankbooks at the bank because a lot of them do not have a secure place at home where they can take them and secure them and keep all of their documents. A lot of the Aboriginal people who do their banking, or who used to do their banking, in Wyndham were from the larger communities. That closure created a real problem.

The shire has agreed to hold bankbooks here for people because some of them cannot use the cards and they continue to lose them. Some of them do not know how to use them. Even though we are not supposed to hold the bankbooks here, according to the bank, there is no other way that they can do their banking.

The committee needs to be aware of that and the effect that it has had on the Aboriginal population. Most of them are not business people; they are just private people. I just wanted to make sure that you were aware of that issue.

Mr Vagg—There has been a noticeable population drop of Aboriginal people since the bank closure. They seem to have moved to Kununurra. They are basically itinerants over there. As Jim says, they need to build up a rapport with a banking service and they feel happy with a bankbook. A lot of them who have key cards do not have any understanding as to how that key card operates, other than that you punch an amount into the machine and if the money is there you can get it out.

The difficulty associated with the use of key cards is that they get charged \$2 for every transaction. However, they will use the key card for a transaction of \$1.50, and maybe use the key card 15 or 20 times in a day because that is how they shop. They will not necessarily do one bulk shop. They will shop as they need things each day.

There is probably a disadvantage to those people through a lack of understanding of how the key card system works within the banking industry. I would certainly say we would be 400 Aboriginal people down on the population in this town at the moment as a result of the bank closure.

CHAIR—Are you saying that population decline is solely because of the bank closure?

Mr Vagg—I believe so, yes.

Mr ALBANESE—Where do the people use these cards? Do they use the cards through EFTPOS arrangements?

Mr Vagg—Most of the businesses in town, since the bank closed, were given EFTPOS machines. Basically, they are still doing transactions but we are doing it on their behalf.

CHAIR—When you say they were given EFTPOS machines, who provided them?

Mr Vagg—The bank.

CHAIR—The bank provided them?

Mr Vagg—Yes, BankWest.

CHAIR—Has BankWest provided all the shops in the town with them?

Mr Vagg—Basically. I do not think there are too many now that do not have an EFTPOS machine.

Mr ANTHONY—Do they provide the EFTPOS facility?

Mr Vagg—Yes.

CHAIR—At no cost?

Mr Vagg—Initially it was free, but now there are costs involved. The rolls were all free, but now you are being charged for the rolls. There is just a sneak-up, creeping cost, basically.

Mr ANTHONY—When did they close and how much notice did they give you?

Mr Lewis—It was 28 November.

Mr Hammond—I have written out a little thing here and I could probably run through it.

CHAIR—Do you want to run through it now?

Mr Hammond—Yes. In November 1997 BankWest announced the closure of its branch in Wyndham. At that stage the branch offered a full range of services to its clients. It formed an important part of the economic fabric and stability of the town. After a number of public meetings and a reluctance by BankWest to reconsider its decision, it was reluctantly decided—we did not lunge at the opportunity—that the most suitable alternative was to provide some type of ancillary service, an agency of the bank, under the auspices of the council.

There were a couple of reasons for that. Firstly, although the council certainly comes a very poor second to a bank in terms of confidentiality, it seemed to have an organisational approach that was more conducive to secrecy. Secondly, we had the resources to be able to take on one of the employees from BankWest to continue the level of service. So we maintained a service that was reasonable but not totally desirable.

We also relocated the bank's furniture—some counters and some desks—which are out there now in the corporate livery of the bank. We did that because we were endeavouring to provide a bankish type of environment. If you walk out there it looks like a mini BankWest. However, I cannot go there and get a personal loan or review my overdraft facility, or whatever.

In particular, the intimate financial relationships that existed between town businesses and senior bank officials—and by that I mean the manager or what banks call accountants—have disappeared along with the capacity for trading account customers to enjoy same day deposits. That lost facility leads to interest positions, particularly in terms of overdraft facilities. I guess we have all had an overdraft at one time or another. If you have got a \$100,000 overdraft and you get a \$150,000 cheque but you have got to wait a day to put it in the bank, it costs you money yet it makes the bank money. Also, what is lost is simply an essential town service. As Maxine said, it is no different from a hospital, or whatever.

I would like to make some general points. Over the last five years there have been a lot of bank closures throughout Australia. The University of South Queensland, as was quoted in federal parliament, found that 320 branches had closed up until 18 months ago, and 18 months on we are still finding that banks are being closed.

You have seen the effects in this one town but you are looking at 320 closures as at March 1997. Since then a heap more have gone. The impact in Australia is absolutely enormous. We have had the Wallis inquiry and the Hilmer report. I do not know how much community service obligation information was put into their reports, but it appears to me that at the end of the day they were all about the bottom line, and it is certainly not helping us.

It appears to me that, in terms of the Wallis inquiry where they wanted to deregulate the financial system and we saw more banks come into the system, it was going to make things more competitive. However, what it did was allow the banks to improve their bottom lines by closing down their so-called unprofitable branches.

I might preface this by saying that I spent 15 years in the banking industry before I joined local government. In the early 1980s, the ugly head of cost centre banking in branches appeared. What has to be remembered is that the awesome overheads generated by the head offices of banks—with all their different departments and all their advertising campaigns and all the different things they do—are always apportioned to the other branches, which would include Wyndham. It needs to be recognised that a lot of the overheads which are talked about as being high country overheads really are the overheads of the city being transferred to the country. There is simply not the economy of scale of business to accommodate those types of overheads. A banking licence is a privilege, not a right. Would you agree with me there?

CHAIR—That is your terminology. We will keep going.

Mr Hammond—Governments do have the power to place conditions on financial institutions to provide certain levels of service. Surely conditions could extend to providing full facility services in towns of a certain size. Wyndham is a popular tourist destination and serves a population of around 1,500 people, which includes the hinterland.

This council provides a full range of services to Wyndham residents, and it is obvious that some of our activities run at significant losses. This council closed its doors on this office that we are sitting in now. Do we close our swimming pool or our library because they run at a financial loss? Do we stop at building roads because our rate of return on capital does not achieve our community's expectation? We are an essential service provider. Now we find that another service we are providing is subsidising a bank's operations because the commissions that we are receiving from the transactions that we are doing are nowhere near covering the operational cost. It is important to take into account that the local government has had a burden placed on its rate base and its ratepayers. It has taken over the service of banker because nobody else wants to do it. We find that with a lot of other services.

If the situation continues, and it will without intervention, one solution could well be the federal government establishing a program that would underwrite the costs of communities having to conduct their

own banking services. Therefore, if our net loss on our little banking deal here was, say, \$10,000 a year, somebody else could pick up that tab so a service could be provided—albeit not a good one—that was not going to cost the community. Alternatively, we could look at the establishment of community banks for regional Australia, as Maxine talked about. If managed in a no-frills sensible manner, it could probably be done at no cost to the taxpayers and would probably put a fair bit of pressure on the financial institutions that have the monopoly in terms of losing some business.

Please accept that our resource wealth, food production and tourism resource are the principal drivers of our economy. Do not let us down because you do not care or consider our vote to be important. We are out in the bush and we are developing a lot of product. You have seen the Ord Valley. You have seen our tourism resource, the Argyle diamond mine, et cetera. We deserve better and we deserve some assistance. It is unacceptable not to have a bank in a town this size.

CHAIR—Thank you very much for that. I was wondering if we might expand a bit on what exactly you are providing here in terms of hours. You say it is costing you quite a lot of money. Could we flesh that out a bit so that we can get a better appreciation of what the shire is actually providing?

Mr Hammond—You have a situation where the council is very concerned that to provide the service you could not just put up a sign that says, ‘This is a bank. Everybody be cool about it and come over here and bank,’ because there is an instant confidentiality thing. It is just human nature that somebody is not going to come in and bank with anybody unless they consider them to be a banker.

Therefore, we employed a banker. Quite simply, we got the person from over the road and we put them in here. The wage cost of that person can be allayed to a certain degree by having other duties achieved. But the bank played very hard on the commissions it was going to offer us. We actually managed to increase them quite significantly from what was offered. That attitude in itself I thought was fairly ordinary.

By the looks of our first year’s operation, we are looking at between a \$10,000 and \$15,000 loss. That is borne by us, and that means either that we lose a municipal facility or we have to put up the rates. That comes at a cost. If we did not do it, nobody was going to do it. It is all very well to say, ‘That is great. The council has done this, it has done that, it has put in this quasi-banking facility,’ but at the end of the day it is costing the ratepayers money, and it is still not allowing that interface that we all used to enjoy between our bank manager and us.

CHAIR—Could I explore that a bit further? You are providing this. Does the state government provide any services here in Wyndham?

Mr Hammond—Yes.

CHAIR—Why I ask that is because the committee recently had the opportunity to go to Herberton in northern Queensland, which is a town of 1,000 which has lost its bank. They have a credit union that has come in and, collectively with the state government, they have a one-stop shop arrangement there which allows people to get the range of services. They can pool the cost of providing those services. The credit

union was happy to come in and do a part-time service—it is better than a part-time service, actually. It is an alternative, and I am trying to get a comparison with what you might have here and what was in Herberton.

Mr Hammond—It is probably pretty much the same. The state government has been supportive—I think it is fair to say that—but not in financial terms.

CHAIR—So the state government would not pick up some of the tab of the rent if you had a joint facility?

Mr Hammond—In terms of one-stop shops, in a town of this size where you have a power bill that you can pay at a post office, those facilities are around the place. I know that they have one-stop shop facilities in places like Bunbury and Geraldton, but they are much larger and I imagine would generate much more income.

CHAIR—In terms of the lending aspect, which you mention with respect to the loss of the bank manager, does BankWest or others have a visiting service or mobile lender coming through from Kununurra, for example?

Mrs Middap—The manager over there comes—

Mr Lewis—Once a fortnight.

Mrs Middap—It started off with once a week and it is now once a fortnight. It is very haphazard. You have to ring to make an appointment ahead. If he comes over here, he can bring the file with him, if you have organised it all. But, if he needs to research something or find out some information that he forgot to bring with him, he does not have it in front of him and so it makes it very hard for him to do anything. It is not very satisfactory, quite often, for the business person. There is nowhere here to have an interview with the bank manager, to sit down to nut out what you can do with a loan. To try to do it in somebody's office, or in someone's business house, is not necessarily frightfully satisfactory either, because you are trying to run a business and at the same time trying to talk to the bank manager.

Mr Vagg—With staff or customers wandering in and out and that kind of thing. If you want some money, there is really nowhere to sit down privately to have that sort of discussion, other than jumping in his car and going for a drive up to the Bastion or something like that.

There are other issues that I think probably have not come to light here. We have overseas ships coming in that bring in \$US4,000 or \$US5,000 that they may want to change. Just recently one of the business guys brought my attention to the fact that US money is fairly hard to get cash with in Australia now through the banking institutions if there is any damage to the currency. The determination as to how weathered the US dollar is in our eyes compared to the bank's eyes has all of a sudden become an issue, for some reason or another. There is a possibility that you can get caught for the money because they will not cash it. These guys come in with US dollars. They want to do shopping locally. Nine times out of 10, they want to cash \$4,000 to \$5,000 worth of US money. They do not have the facility to do it here. We get caught out because they will not fax ahead or anything like that if they want this kind of money. Probably the best

way to describe it is that it just stops trade.

CDEP, which is your Aboriginal payments issued through Joorook Ngarni, are still paying people in cheques because a lot of those people do not have bank accounts. If they pay on an off day, it is basically left up to the business houses to cash those cheques. You are always trying to anticipate when the cheques may be issued around town if it is not on a set day. Most of the time it is on a set day but, if for one reason or another all of a sudden they throw in another batch of cheques or it may have come out on a different day, you tend to get caught out. These people are walking around with cheques that cannot get cashed.

Mr WILLIS—Can the bank cash the cheques?

Mr Vagg—They do not necessarily have the money here on the premises to cash the cheques on the day. That is the problem. I mentioned the royalty money before. There was \$200,000 worth of cheques running around town. People were walking into businesses with cheques for \$12,000, \$18,000. In the end, they had to go to Kununurra, so while they are in Kununurra they shop. This community just missed out something horrid. We have got another royalty payment coming out. The time frame is just so hard because there are a few people involved in issuing those cheques. It takes them a while. We anticipate they are going to be here at the start of next month, but it might be two or three weeks into that month before they get issued. The bank does not try to hold the money here. They cannot have \$200,000 sitting around, waiting a week in advance. This will be the thing that happens again as people go to Kununurra and spend the money there. The town will miss out.

Mr WILLIS—They would be able to cash the CDEP cheques here?

Mr Vagg—What would be the book of CDEP down there, \$50,000?

Mr Lewis—A week? Yes.

Mr Vagg—If you have got \$50,000 physically in cheques coming out, there is no guarantee that this agency can cash them here. Once again you have got to organise the bank to bring cash over to people that are walking around with cheques. A lot of the times Aboriginal people rely on the money when they get the money. The cheque is what they consider money. They sometimes have difficulty in understanding that you physically cannot cash it because you have not got the money. There are those kinds of problems that rear their head as well.

Mr WILTON—Can you just tease out a little more who it is that banked at the branch when it was here? You have said that you do offer a fairly wide range of services. Would it be true to say that some of those services—and I refer in particular to road making and maintenance—would be contracted out to contractors who are based outside the shire, who come inside the shire to, in this case, fix the roads and then take their money outside the shire again?

Mr Lewis—No.

Mrs Middap—No.

Mr Hammond—In fact, we have got lots of contractors working within the shire and we do that. It does not matter whether it is a contractor or us doing it. Under current accounting standards, somebody reckons that a road is an asset, which has got me totally tricked. If this organisation used the same ethos as a bank, you would not have a library, a swimming pool, roads or reserves because they are not cost-effective. We might have the squash courts; they might make us a few dollars; we will keep them open. I know that is being a little bit over the top, but the principle of banking is that it is a commercial operation, but then again so are a lot of our loss making things. We have to take the good with the bad, but it appears now that the banking industry does not. That is a matter of regulation, a matter of philosophy. The point I make is this: is local government one day going to have a Hilmer or a Wallis come in and say, ‘Yes, get rid of your loss making stuff. Deregulate’? I do not know.

CHAIR—I do not want to butt in, but this committee did quite a comprehensive report on the impact of competition policy for local government, particularly in regional areas, and we made some fairly strong recommendations recognising the importance of community service obligations.

Mr WILTON—Mr Hammond, it seems to me that there would be a fairly clear dichotomy of wealth within the shire—people who have got money and people who have got very little money. Do you have any evidence to suggest that those who have got money—whether they are on the land or in the mine—tend to do their banking at larger regional centres, perhaps even in Perth, rather than locally?

Mr Hammond—No.

Mrs Middap—No. Most of the businesses did their banking here. There were a few that did not. Invariably you have a personality conflict somewhere along the line. But basically I think this bank would have done 80 to 90 per cent of the whole town’s banking—that is, private and business.

Mr Hammond—The situation with banking these days—and you are probably aware of it—is that it is now called relationship management. For example, the domicile on my cheque account is Manjimup, but I bank at Kununurra. My manager is at Kununurra because I live in Kununurra, and the relationship manager here would be the manager that is posted here. It is the actual person and the interface with that person that is the important thing. If I am going to lease a car or if I am going to buy a car, I might want to see somebody about it to ask whether I should lease it or hire purchase it. There are all those types of issues.

Mr HOCKEY—Are local residents prepared to pay more for their banking services if they have a bank here?

Mrs Middap—They are already paying more.

Mr HOCKEY—You said that it costs \$2. I think Clinton said that it costs \$2 for a withdrawal using EFTPOS. Do you think people are prepared to pay \$4 or \$5?

Mr Thorley—That is not the sort of banking that we are after. We already have that. We want face-to-face banking so that we can actually—

Mr HOCKEY—Yes, but as a way of paying for the face-to-face banking?

Mr Thorley—It does not seem to make any difference to the banks. There are three banks in Kununurra. When BankWest decided to close, we decided to have a town meeting. We invited the other two banks over, and they sat there and virtually laughed at us. They said, ‘Look, if BankWest is not going to do it, you don’t expect us to come over, do you? What do you think we are—stupid?’ They are just not interested.

Mr HOCKEY—Are the local townspeople prepared to pay more for their banking services so that they can have a bank in the town?

Mr Vagg—I think they would because they pay more for everything. For every other item, including daily household items, they are paying more now.

Mr Thorley—I do not see that just because we live in the country we should have to pay more for banking. Surely that is not what we are here for. That is virtually letting the bank off the hook.

Mr HOCKEY—Let me put it to you another way. If you are going to have a bank branch for 1,500 people, that is a very personalised service compared with other places. You would pay more for personalised service.

Mr Thorley—That was not the case five years ago and it was not the case 50 years ago. Why has it all of a sudden become a personalised service? Because they are only looking at the bottom line. That is all it is.

Mr HOCKEY—Don’t you think it comes back to the fact that 50 years ago or 10 years ago you could not use EFTPOS to pay for your petrol at a service station?

Mr Thorley—That has got nothing to do with my banking. If I want to talk to the bank manager, what has that got to do with going to the service station and using EFTPOS? I cannot bank—

Mr HOCKEY—EFTPOS is a service provided by the bank.

Mr Thorley—A business person cannot bank with an EFTPOS machine or a card or a phone. It is impossible. I have never been able to manage to stuff my money into a phone or a machine. That is what happens in these sorts of towns. It becomes too difficult to do your banking through these so-called machines, and all that sort of stuff. So you jump in your little car and you go to Kununurra with your money, and that is where it is done. It all finishes up in the big centres.

When it becomes too inconvenient for the big business people to do their banking in Kununurra, they will go to Perth. And that is what happens. Those centres become bigger and the bank says to places like Wyndham, ‘Why do you want personalised banking?’ As Maxine said, I think it is an essential service. We should not be asking, ‘Do we want to pay more for it?’ We do not pay any more for medical services up here—or whatever.

Mr HOCKEY—Do you think the bank branches in Kununurra will ever close?

Mr Thorley—No, I do not think so.

Mr Hammond—If you are going to take the same line that is taken here, where somebody in head office says, ‘We want X per cent return on our capital investment,’ and all of a sudden there is a policy change and that X per cent gets pretty high, then why not? You are going to see towns of 20,000 people without banks because the return on investment is not there, perhaps, and their return requirements might be horrendous. So it is all policy driven, isn’t it?

I had advice the other day that one of the banks in town lost money. But what does the term ‘lose money’ mean? The margins between lending and deposits have reduced by one per cent in about eight years. The career path for a junior clerk of working his way up through the bank to become the manager is gone. Most of the staff are employed on a part-time basis, they are mainly female, and you will normally have a very limited type of retail lending service. Everything has been cut back to the bone. Everything is computerised. One would expect that things would be getting cheaper with telecommunications getting better; however, the banks think not. So who knows?

The only thing that would be keeping BankWest open in Kununurra is that there is a Commonwealth Bank branch or a National Bank branch there that might get all its business. If two of them closed, would the other one go? I do not know.

Mr ALBANESE—We have received a fair bit of evidence which suggests that some of the bank branches have closed not because they were losing money but because they were not making enough money.

Mr Hammond—That is exactly what I am saying.

Mr ALBANESE—What was the case here in Wyndham? Do you know?

Mrs Middap—It depends on how you want to work your figures.

Mr Hammond—I talked about that head office overhead.

Mr ALBANESE—When you had the public meetings, did they come here and say, ‘We are losing money’?

Mrs Middap—No.

Mr Hammond—They said, ‘We are not profitable.’

Mr Vagg—They were holding their own. It was not costing them but they were not making money.

Mr ALBANESE—What efforts did they make? When banks in other places have shut up shop, they have looked for the most profitable customers and offered them personalised services. I should imagine that

that would be quite difficult here just due to the distance. Did they try to hang on to their major customers—the person who owns the biggest property or whatever?

Mr Thorley—There was no need to because there was nowhere else to go.

Mr ALBANESE—There are three banks in Kununurra: BankWest, Commonwealth and National. Was there a campaign particularly targeted at BankWest? Did someone suggest at the public meeting that if BankWest moves out we will all move to NAB, or something like that? Did that occur?

Mr Lewis—Yes, they sure did.

Mr ALBANESE—Did that happen?

Mr Vagg—It scared them for a minute but they knew we were probably bluffing so there was not a great deal of concern towards the end of it because BankWest said, 'This shire thing will work out and we want to retain your business.'

Mr ALBANESE—Most people, you think, stayed with BankWest?

Mr Vagg—Yes, of course they did.

Mrs Middap—There was no advantage in changing because the other banks were not interested in coming here either, so why change?

Mr ALBANESE—That, of course, adds to the profitability of shutting down the branch here because if they have held on to their customers—

Mrs Middap—They would have had a fair guess that that is exactly what would have happened.

Mr HOCKEY—I am a little confused. I can understand your talking about the cash flow problems associated with not being able to cash cheques, but when it comes to talking about services for people taking out loans, of the 1,500 people in Wyndham, how many do you think would have loans with the bank?

Mr Thorley—About 1,000 of them.

Mr HOCKEY—So every man, woman and half the kids in Wyndham have loans with the bank.

Mr Vagg—In the 1,500 population we are including Kalumburu and Oombulgurri—say about 600 people. Most of the people have loans for cars, houses or whatever. Do you class Bankcards as loans?

Mr HOCKEY—For the purposes, yes.

Mr Vagg—It is probably the best interest earning facility for a bank.

Mr HOCKEY—So there would be 600 people?

Mr Vagg—Easy.

Mr ANTHONY—What has happened to all those loans? Have they been transferred to Bankwest in Kununurra?

Mr Thorley—Everything has been transferred to Kununurra, even your cheque account.

Mr Vagg—But they still let us have Wyndham on our cheque butts.

Mr ALBANESE—So the domicile is Wyndham. That was the big concession.

Mr HOCKEY—So 600 people have loans. They would take out or change their loan once a year, if you are lucky. Most people would probably have loans or a Bankcard for an extended period of time.

Mr Vagg—Yes. Five, 10 or 15 years, depending on the loan.

Mr HOCKEY—Let us say that each one of them would visit the bank once a year for a loan. That would be about two people per day going to a bank branch.

Mr Hammond—That is a bit simplistic. My experience is that a lot of people who have overdrafts tend to have to keep in fairly close contact with their bank manager to stop their cheques being rolled. I think they are going to be coming in a lot. There are a lot of other services: a simple thing like getting a chequebook.

Mr HOCKEY—But they normally send chequebooks out.

Mrs Middap—If you want a chequebook here, you have to ring up Kununurra and say, 'Please send me a chequebook.' If you are in a business, you are not necessarily that organised. All of a sudden you have to write out a heap of cheques and you have run out of cheques—'Damn it! It's payday tomorrow and I have not got a chequebook.'

Mr Vagg—I recently waited two days for a chequebook for my business.

Mr HOCKEY—I do not know of banks in the cities that give you a chequebook overnight.

Mrs Middap—The banks always used to keep a spare chequebook.

Mr Vagg—They had them all prestamped.

Mr HOCKEY—That is a far better service than what you get in the cities. In the city, I have never seen a new chequebook delivered within 24 hours. It is usually seven days, if you are lucky.

Mr Vagg—That might be personal, but business accounts have got a stamped chequebook in backup all the time.

Mrs Middap—They keep them all in Kununurra now. They post out the personal ones.

Mr Hammond—The personal chequebook is on a trigger from the last five numbers. When it gets to the fifth last cheque in the book it automatically gets posted.

Mr HOCKEY—That is usually the case.

Mrs Middap—The business ones are not on that trigger. It is on a request basis.

Mr Hammond—Getting back to that lending situation, my experience has been that, yes, you might have one loan for one car, but over the space of five years you might wish to change that. You might see a refrigerator or something like that. Nowadays, with these home equity loans, there is no such thing as just having a personal loan. You get a loan with an extended credit limit or whatever. You might pay it back to \$2,000 and you can reactivate it to buy a fridge, an electric guitar or whatever. I do not think that people necessarily now say, 'I'm going to buy a car and that is the last borrowing I'll have with the bank for five years.' They will pay off their car a bit and they might want to get another car, or they might want to get a fridge.

Mr HOCKEY—Why can't you do that over the phone? The other day I paid off a personal loan over the phone.

Mr Hammond—I would suggest that paying something off is a little easier than borrowing it. If you have to provide your income details and your asset and liability statement, to do it over the phone is quite difficult.

Mr HOCKEY—Are you saying that there are no mobile services to come around and visit your town if you want to take out a loan?

Mr Hammond—No.

Mrs Middap—The bank manager comes over once a fortnight, but he is limited because he cannot carry the computer system with him. If everything is well organised, he brings the file and everything is there, that is fine. But, if he finds he has left something behind, or you ask him a question the answer to which he does not actually have on the file, he can't do anything either.

Mr HOCKEY—So there is no call-out service. If you ring up and say, 'I want to take out a home loan for \$100,000,' they say, 'You'll have to wait two weeks.'

Mr Hammond—Or, 'Jump into the car and come to Kununurra.'

Mr HOCKEY—So they have said, 'You have to wait two weeks.'

Mr Vagg—Yes. If you want the service in town, you wait until he comes the next time round; otherwise, get in your car and go to Kununurra and try to set up a meeting with him.

CHAIR—Coming back to the issue of when BankWest gave you notice, in New South Wales and Queensland, although they have slightly different systems, there is a thing called CreditCare, which you have no doubt heard of. Was there any opportunity to pursue something like that here, where someone came in and did an evaluation of the possibility of setting up a credit union as an alternative?

Mr Hammond—I think the Business Enterprise Centre did some work on it, but at this moment we are all ears and hoping that perhaps the outcome of this inquiry might see something that could be put in place. I know the Public Service Credit Union did express some interest.

Mr Lewis—The Business Enterprise Centre has been chasing up some information about affinity banking, with the idea of maybe Statewest Credit or somebody like that coming in to underwrite it. We have written to people in Fitzroy Crossing, Halls Creek and Derby, because they are in a similar situation, to gauge the interest in trying to start up a Kimberley or regional bank on a similar model to that. The response has been that people are interested in talking. So we are now looking at setting up a regional meeting.

Mr HOCKEY—Who does the council do its banking with?

Mr Vagg—With BankWest.

Mr HOCKEY—Did you try to use the leverage of your banking with them to try to keep them in town?

Mrs Middap—Yes. But we would not have done any better with any of the others, and they knew that, too.

Mr Hammond—That is a fairly anticompetitive practice on their part, isn't it? So what? So we have five million bucks in the bank. We are not a borrower. We are in very good financial shape in real terms, so we are not worth a lot of money to BankWest with regard to that.

Mr HOCKEY—Did they flinch when you suggested that you would move your banking?

Mr Hammond—No.

Mr HOCKEY—But you did not move your banking after they had closed their branch?

Mr Hammond—No. I think they basically did their sums. We were probably their most significant customer over here, and they did their sums and said, 'It's not there. It doesn't matter if they go.'

Mr HOCKEY—Do you have any offset arrangements with their facilities here—that you will continue to do your banking with them provided they keep this agency going with your council?

Mr Hammond—It is a fee for service arrangement. They pay us to do it. At the moment it runs at a loss, which we are going to have to renegotiate with them in terms of getting more commission. I think you asked the question: would the customers be prepared to pay \$4 a transaction instead of \$2? I would put the view the other way: if the bank has the ability to off-load its banking arrangements in town, perhaps it is the one that should be looking at \$4 a transaction to the person who is providing the service—a two-way thing. That way would be a lot easier for us as an organisation to justify.

Mr HOCKEY—Did you explore a banking arrangement with other banks?

Mr Hammond—Yes.

Mr HOCKEY—They were not interested?

Mr Hammond—There was a financial problem there, simply because the customer base was all with one bank. Therefore, if you start up an agency here, you have not got a lot of commission, so you are going to be on an even bigger loser.

Mr HOCKEY—So would your advice to a town that has two banks or three banks, like Kununurra, be that the council enters into negotiations with a bank now before two of the three banks close?

Mr Hammond—You are tying yourself into something there that can provide you with some fairly unproductive types of interest rates and you are not getting a full service. I cannot see how an organisation's own financial position should have anything to do with its obligation to the community. What happens if you have a shire that is not in a very sound financial position? All its lending is done via state treasury through debenture loans, so there are no margins coming back for that. All they have is a few bob coming in at rates time and, for all intents and purposes, they are not worth very much anyway. So what is the use? Why go into an agreement? We are in reasonably good shape. Some other shires are not.

Mr ANTHONY—You had an example of a ship pulling in and wanting to transfer US dollars into Australian currency. When BankWest was here—as of a year ago—were they able to do that type of currency transaction?

Mr Vagg—Yes.

Mr ANTHONY—They had enough cash on hand?

Mr Vagg—Yes. They could have done the royalties. They could have done anything.

Mr ANTHONY—You mentioned also that you lost about \$200,000 in that transaction. What money was not spent here was spent in Kununurra.

Mr Vagg—Yes.

Mr ANTHONY—Has there been a noticeable decline in, let us say, the commercial premises here—

the general store and the post office? Has there been a downturn?

Mr Vagg—I can speak for myself. We have been in business here for 38 years.

Mr ANTHONY—Which is your business?

Mr Vagg—The liquor store across the road. We would be currently tracking at about \$1,500 a week down on a year ago, which roughly coincides with the bank.

Mr ANTHONY—Is that a 20 per cent fall? What sort of percentage?

Mr Vagg—Yes, 25 per cent.

Mr ANTHONY—Would that be the same for the rest of the town?

Mr Vagg—I would say that most of them are feeling the pinch in some form or another. It is associated with people going out of town. It is associated with a lot of things—availability of money on days. If they have to go to Kununurra to get cash, they will spend their money there.

Mr ANTHONY—So if you want to get your Social Security cheque, you have to go to Kununurra, do you?

Mr Vagg—No, they can get their cheques here, but it is, once again, the availability of cash. I do not want to keep a lot of money on the premises, so I try to do my banking. We have to bank here by 11 o'clock each day for us to get that money deposited. Andrew mentioned overdrafts, et cetera. It is fairly imperative to get the money to the account on the same day. We do not necessarily carry the cash. We open at 11 o'clock but we have to bank before 11, without being able to gauge—you do not have your doors open—what the day is going to be like.

Mr ANTHONY—So what is happening is that, aside from just the bank shutting down and having less cash in the town, if you are on Social Security or CDEP, you are more likely now to take the trip to Kununurra and cash it there.

Mr Vagg—Yes, and spend there—shop there and then come home.

Mr Hammond—Or stay there for a few days, drinking. I am not joking—stay there for a few days, drinking in a park. So there is a social aspect to this.

Mr ANTHONY—Then you have a problem which you might not want to go into because it will be recorded in *Hansard* and people are here. Moving the cash was the bank's problem last time when it had its branch here—from Kununurra, I assume. It is now your problem, isn't it, as far as the agency is concerned? Is that right?

Mr Hammond—Yes.

Mr ANTHONY—As soon as it leaves Kununurra, you wear it?

Mr Hammond—Yes.

CHAIR—I will just follow up on what Mr Anthony is talking about. Another example that the committee has seen is the agency arrangements that Bank SA have set up—most in South Australia but not all. I know of one in a neighbouring state. One of the ways that they have found that that could help the community was to keep the cash float within the community at a reasonably stable level. Mr Vagg, you have mentioned that you have to bank every morning before 11.

Mr Vagg—That is if I want a same day service to my account, yes.

CHAIR—In terms of the cash float, is it possible for the management of the agency here to say, ‘We’ve just had a bit of a run today which we hadn’t anticipated.’ Are there any businesses in town you can ring and say, ‘You were going to bank tomorrow. Can you come in today—we need the cash?’ Do you have that flexibility?

Mr Hammond—That would depend. If the money is there, you do have the flexibility. That happens in big towns; big towns run out of money as well. I think the essential problem here is that we did not know what the cash in-flow and out-flow was going to be. We were really hoping that it was going to be fairly static and it was just going to hang around, but that is not the case so we do have a problem with cash. Our business is not TNT security either. It is not just a business of ringing up and saying, ‘Hey guys, can you bring over 50 grand please?’ It takes a bit of planning and things like that. That is such a variable thing, too. There will be seasonal factors involved. Tourism is one and certain events during the year are other things.

CHAIR—You do not have to answer this question on the public record if you do not want to, but how do you handle the variation in cash? If you do not want to answer it, please say so.

Mr Hammond—We bring it across in a car.

CHAIR—From Kununurra?

Mr Hammond—Yes.

CHAIR—On a pretty regular basis?

Mr Hammond—As needed.

Mr HOCKEY—Mr Vagg, with your liquor store, do you have an EFTPOS facility?

Mr Vagg—Yes.

Mr HOCKEY—Do you allow customers to take cash out with EFTPOS?

Mr Vagg—Yes.

Mr HOCKEY—Up to how much?

Mr Vagg—Up to \$500. We have been on EFTPOS now for about 18 months and I will tell you of the transaction rate that is occurring there. When we first started, we might have been looking at 15 per cent of our business being done through a card. Now it is averaging about 40 per cent, but it can run to 60 per cent or 70 per cent. If you have got a day where that is happening and then people are walking around with cheques, what are you doing? You cannot do anything for those people.

Mr HOCKEY—So you will sometimes cash cheques?

Mr Vagg—Yes. We might do 15 CDEP cheques in a day, so we try to allow for when they are coming but they can come outside the day they normally come. Basically people come to us because of our relationship here; we know the people. A lot of people will not take a cheque from an Aboriginal person because they do not know who the person is. I went to school with these people; I know who they are. They know I know who they are, so I do not have any problems cashing their cheques. We have got tax time coming up. It is nothing for people to be walking around with cheques for \$4,500 or \$2,500. Then we have got an additional royalty settlement coming up, so that will be another 200 grand. So all this money will go to Kununurra.

Mr HOCKEY—Even so, it would be extremely unusual, I think, for the branch office of BankWest in Wyndham to have \$200,000 in cash on one day for the payment of royalties. That is a hell of a lot of cash for a bank branch to have on hand.

Mr Vagg—There have been instances when they have had that kind of money on the premises.

Mr Hammond—I would not have thought \$200,000 was a large amount to have in a bank in a town that size from my experience, particularly when you are loading up automatic teller machines as well in the middle of a tourist season.

Mr HOCKEY—There are automatic teller machines here?

Mr Vagg—No.

Mr Hammond—Only in Kununurra.

CHAIR—What is the possibility of getting these royalty payments to be pinned down to a specific day so you know a week or 10 days ahead and you can actually plan for it?

Mr Lewis—The difficulty with that is you have three or four agencies involved. The Kimberley Land Council is probably the main coordinating body, but then there is the issue that a lot of the traditional owners or recipients of the royalties are from the communities so they come in to collect their cheques. Then there are issues about who is eligible and who is not eligible for payment so, even when they work out what week

they are going to pay them out, they could actually pay it out over a full week. That is what we saw last time. It actually took two weeks before all the payments were finalised.

Mr HOCKEY—The \$200,000?

Mr Lewis—Yes.

Mr HOCKEY—Do they cash in all their royalty cheques?

Mr Lewis—Most of them, yes, to purchase vehicles.

Mr HOCKEY—So they automatically turn it into cash.

Mr Lewis—Mostly, yes.

CHAIR—One of the things we heard this morning from the traditional credit union is how they are helping to develop a savings approach to payments: rather than people drawing out payments in cash when they come in, they are encouraging people to hold them in an account and take cash out as needed—thus avoiding all the problems you alluded to. Is there some scope for doing that here?

Mr Vagg—No. It is the bank accounts that are the issue.

CHAIR—But traditional credit unions are doing the same sort of thing.

Mr Vagg—A lot of the problem is that the traditional owners physically do not have a corporation bank account set up.

Mr Lewis—Some of them do.

Mr Vagg—Some do and some don't. That is the problem with a lot of these cheques. They have to be split because that corporation physically does not have an operational bank account. It is fine for those that have the facility to go from the cheque form into that bank account. You still have the issue that when people do not have bank accounts they will re-issue cheques on the original cheque. If there is a \$30,000 payment to traditional owners, they might say, 'Let's break it up into three lots of \$10,000,' or whatever and then those cheques are running around the community.

CHAIR—Maybe I can come at it from a different direction. What is the scope for the council, as the community leader in Wyndham, to try to encourage a change in the approach to banking?

Mr Hammond—We are not bankers.

Mrs Middap—That is not council business.

CHAIR—No, but you have set up an agency here.

Mrs Middap—We have set up an agency because, as I said, it was the best of a very bad situation. We cannot start becoming involved in people's personal lives. Some of the people do have bank accounts and some of them are starting to keep some money in the bank account and draw it out when they want to, but a lot do not. It is not really council's responsibility to start running education programs for people on their banking.

As I said, the banks have already welshed on more than any other business or essential service provider would be allowed to. At the moment they are not providing us with a service at all. They are providing services that clients do not want necessarily, and that is all over. In other words, the clients are saying, 'We want this,' but the banks are saying, 'No, you can't have that; we don't think it's good for you. But you can have this instead.' What other business can operate like that? If I said to my clients, 'I don't think

you want to go there; you want to go here, instead,' I would be out of business the next day. Similarly, if Vaggy said 'No, you are not going to get that sort of beer. I don't think you can have it. You can have this one instead,' he would not be in business very long either. Yet the banks seem to be having a wonderful time with this attitude. They are also managing to get everybody else to do their work for them with EFTPOS machines. Everybody else is doing their banking, carrying their cash, taking the responsibility. Why does the bank have a licence in the first place?

CHAIR—I welcome the three other people coming here. As you can see, it is a public meeting. If you would like to comment on any of this, please feel free to. A range of views and issues has been covered so far. If you have something else you would like to bring in, please do.

Mr WILLIS—I was just going to ask about the original decision to set up the agency here when the bank pulled out. I notice that Bank West is one of the banks that is affiliated with GiroPost and therefore it was already in town through Australia Post. Was the bank set up because GiroPost did not cover business banking? Was that the main reason you decided to go ahead and set up the agency here?

Mr Hammond—No, there was another reason, too. We tried to create a quasi bank. The bank was closing and we thought it was important to create some infrastructure, something that looked like a bank. We did not want to go in and be standing next to the person who wanted to buy their *Playboy* or their *West Australian* to get 100 bucks out. That is what GiroPost is. The agency is as bankish as you can get in the circumstances. We are only talking about a minuscule range of the services. You are probably getting vibes that it is more about personal interface, personal finances and business finances. They are the huge losers in these circumstances. I accept the fact that if I want to fill up my car I can use an EFTPOS card. That is not an issue.

Mr Vagg—You must have come across instances, at Easter or Christmas time, where you cannot use an EFTPOS card, surely, just through the workload that is happening at that time. Last Easter we were shut down for eight hours. So, if people have not got cash, they are running around with their cards; their money is in the card, but the system is down. It is just total frustration. People get cranky.

CHAIR—Was that just locally or was it part of the whole region?

Mr Vagg—My understanding was the whole Western Australian network on BankWest EFTPOS machines crashed through overload.

Mr ANTHONY—What type of telecommunications do you have here at Wyndham?

Mr Vagg—Ancient.

Mrs Middap—Telephones.

Mr Vagg—It is getting better.

Mr Hammond—We have just got ISDN.

Mr Vagg—We have just got rid of the wind-up phones. We have got touch phone dialling.

Mr ANTHONY—So you have got Internet.

Mr Hammond—We let all the pigeons go yesterday.

Mr WILLIS—What would you do if Australia Post expanded GiroPost to bring in business banking?

Mrs Middap—Unless it can offer the full range of bank services, it would not be of any great advantage. One of the things, from a business point of view, is confidentiality and privacy.

Mr Vagg—Our post office is privatised, and that is an issue.

Mr ANTHONY—What do you mean ‘privatised’?

Mrs Middap—It is an agency. It is privately run.

Mr HOCKEY—Oh, it is an agency.

Mr WILLIS—Most of them are these days.

Mr Vagg—Business people are in competition with other business people. The opportunity arises for that business person to know the ins and outs of every other business person in town on a weekly basis. That is fairly easily done.

Mr Hammond—Particularly down the pub on a Friday night a person might say, ‘So and so had a good week.’ That sort of stuff happens.

CHAIR—Does that actually happen?

Mr Hammond—Of course it does.

CHAIR—Do you mean that someone who is doing the banking at the post office is talking?

Mr Hammond—No, I am not saying it happens here but I am saying that throughout Australia situations would exist where, if somebody had a couple of quiet ones at the pub on a Friday night, they might say something.

CHAIR—But you have taken on someone who has been trained by a bank. You have taken on that person partly because people in the town respect her as being fairly close, and the training—

Mr Hammond—That's right. There is certainly an ethos built into a bank officer that confidentiality is sacrosanct above anything else. That gets drummed into them from day one. That is one of the principal reasons we did this.

Mr ANTHONY—That is to try to give people confidence that that officer is fairly secure.

Mr Hammond—It was a town perception thing as well. She is still the lady from the bank and we still trust her. We know that she is not going to let anybody else know how much I have got in my bank account.

CHAIR—We might ask Miss Lee and Mr Mahomet to join the others at the witness table.

[3.03 p.m.]

LEE, Miss Robyne Elaine, East Kimberley Business Enterprise Centre, PO Box 420, Wyndham, Western Australia 6740

MAHOMET, Mr Adrian John, Manager, East Kimberley Business Enterprise Centre, PO Box 420, Wyndham, Western Australia 6740

Miss Lee—When they brought in this agency here the townspeople said that it was on the condition that it was run by a banking person, and that is it. But the other girls in the shire here do the banking as well. When Stacey is not here or at lunch or whatever, the other girls in the shire are doing everyone's banking.

Mr ANTHONY—How secure do you feel doing that?

Miss Lee—I don't. I have taken my banking elsewhere.

Mr ANTHONY—But, if the lady from the bank was there all the time, would you have a problem?

Miss Lee—I would still have problems. I had problems with them once it became an agency. I was not happy with the service I was getting so I have taken my banking to the Commonwealth agency.

Mr ANTHONY—Robyne, do you want to expand on your problem so we can understand why you were not happy with an agency versus a bank branch?

Mr Vagg—Can I just explain to her that this is going on tape and it is going to be open to the public, so whatever she says is—

CHAIR—We can take it in camera if you want to, or we can hear what you have to say off the record. Are you happy to put it on the record?

Miss Lee—Okay. With basic banking facilities or services that you normally get from a bank, I was finding that I could not do that here. Even cashing cheques or banking cheques, I was having to wait, or go to Kununurra. They are saying you have to wait two days if you cannot get your banking in at a certain time.

I work from 8.30 a.m. to 4.30 p.m. There is no chance for me to get up here and do my banking before then. The banking agency is closed. The bank itself used to be open until 5 o'clock on a Friday afternoon and I could get in and have time to do my banking. There is just a lot more running around that I personally do not feel I should have to do. Now I can do my banking all in one hit in the one place and I do not have any problems.

I think most people in the community feel that way. They do not have to go running and doing extra things to get their banking done, or go out of their way, or make trips to Kununurra. They tell me that, if I want to open up an account, I have to go to Kununurra because they do not have a form. What kind of an agency is that? When I went in two days later, because I went out complaining, she said, 'I have got the form

for you to fill out.' Why didn't she tell me that when I first went in? That is part of their service. They should say, 'Okay, I can get a form for you to fill out to open an account.' No, they are telling me that I have to go to Kununurra.

Mr WILLIS—Where is the Commonwealth Bank that you are taking this to?

Miss Lee—I take it that it is still an agency, but I get better service from that than the agency here. I do not have any problem with the Commonwealth—

Mr WILLIS—What is the agency?

Miss Lee—The post office.

Mr HOCKEY—Do you feel quite secure when you do your business there?

Miss Lee—Yes.

Mr ANTHONY—There are no problems there?

Miss Lee—No. And I can get there after working hours. That is the thing. It is still open after working hours.

Mr ANTHONY—So you are happy with the Commonwealth agency here?

Miss Lee—Yes.

Mr ANTHONY—But not the BankWest one?

Miss Lee—No. They help if you need a form to sign a new account. They give you the form. They give you the full service.

Mr ANTHONY—So you have transferred your account to the Commonwealth agency?

Miss Lee—Yes.

Mr Vagg—I think that the issue here with BankWest was that they were running a manager here and then he said that he was going to Kununurra. They still had an accountant here.

Proceedings suspended from 3.07 p.m. to 3.12 p.m.

CHAIR—How were your type of agency and BankWest's set up in Western Australia?

Mr Hammond—These types of agencies?

CHAIR—Yes.

Mr Hammond—They are called super agencies. I think the difference between a normal agency and a super agency is that super agencies can take business transactions. I could well be wrong on that but I believe that is the only fundamental difference.

CHAIR—So this is something that BankWest have had quite a bit of experience with?

Mr Hammond—Yes, three or four years ago they were doing it.

Mr Vagg—They believe they are the best at it—put it that way. That is what the manager tells us.

Mr Hammond—But you have still got that next day lag for your business accounts, which certainly is good for the bank in some instances.

Mrs Middap—I have to send overseas bank drafts periodically. I cannot do that here. I cannot even get them to send them over here. Someone physically has to go to Kununurra to get an overseas bank draft, so it is a service that is not here because there is no bank.

Mr HOCKEY—What was that again?

Mrs Middap—An overseas bank draft.

Mr HOCKEY—Would you describe to me what that is?

Mrs Middap—An Australian bank draft to send overseas—a bank transfer.

CHAIR—Couldn't you do a telegraphic transfer?

Mrs Middap—It is a lot more expensive.

Mr Vagg—It is \$20 a transaction.

Mrs Middap—These impositions are continually put on you because you happen to live in the country.

Mr HOCKEY—They are put on you in the city as well.

Mrs Middap—No. You probably have to go only to the next suburb to get yourself a bank draft so you can post it overseas.

Mr HOCKEY—I do not know that that is the case.

Mr Hammond—Perhaps the suburb you are living in is not making a profit for the bank branch and they might close it down.

Mrs Middap—Change suburbs!

Mr HOCKEY—For your information, I have had six bank branches close in my electorate in the last two years.

Mr Thorley—How many would you still have now?

Mr HOCKEY—Servicing 135,000 people—fewer than the Northern Territory, which is roughly the same population or a little bit bigger.

Mr Thorley—Yes, but the Northern Territory would probably be a bit more spread out than your electorate.

Mr HOCKEY—Yes, I am sure it is. They are not comparable. I just want you to know that bank branches close in cities as well as in the country.

Mr Thorley—We understand that. If one of the banks were to close in Kununurra tomorrow, that probably would not faze any of us one iota. In fact, I think that is competition.

Mr HOCKEY—It is when the last one closes.

Mr Thorley—That is right. That is when the big scream will be. Our last one has just closed and that is what truly cheeses me off.

Mr ANTHONY—North Sydney is not that representative of the rest of Australia—nor is Joe for that matter.

CHAIR—Mr Mahomet and Miss Lee, I would like to ask you a little about what you have been doing to try to deal with the problem of the loss of the last branch of the bank.

Mr Mahomet—As part of the process, we were involved in some community meetings with people from the shire. We also headed down the track of looking at, possibly, affinity banking, what opportunities CreditCare could provide, and also a community banking service that has been developed through the Western Australian state government. At this stage, we need some sort of seed capital even to analyse all of that. We have spoken to people in Derby, Fitzroy Crossing and Halls Creek who are in the same position as we are here, and we are looking at trying to establish some regional type banking facility which would have a shopfront in each of those four locations.

I think that anywhere between 10 and 15 per cent has been wiped off most of the retail revenues here in Wyndham since the bank closed, because people go to Kununurra with their cheques or whatever and, when there, they shop. We are losing considerable revenue from the town on a weekly basis. So, yes, the

impact has been fairly severe, really. I would see that that trend would not crank back. It would actually open up more over time, because people would get used to that travel and they would start to do a lot more of their business away from here. The prospect of killing off some retail outlets around town is pretty real.

CHAIR—Does anyone want to add anything else?

Miss Lee—No.

CHAIR—Did you ever have more than one bank here?

Mrs Middap—Yes, we had the National and the R&I—when it was the R&I—many years ago. That was in the early 1970s. The National pulled out fairly early.

Mr ANTHONY—In your opening statement you talked about Telstra and a CSO; then you said that maybe the banks should have the same thing. Can you elaborate on that more?

Mrs Middap—You may say to a bank, ‘You have a responsibility attached to your licence. Not necessarily every facet of your business needs to be profit making, so you may look at carrying some loss making divisions. You make profits elsewhere, so subsidise it.’ Or else, because banking is an essential service, the government looks at saying, ‘Okay, these places attract a community service obligation.’ It does not matter which way you go. But, going back to the banks, if you say to them, ‘Carry a community service obligation,’ they say, ‘Oh, no, no, we’re a commercial operation; we’ve got our shareholders to think of,’ which I think is a very convenient and lazy excuse. I would say that just because you have a community service obligation does not detract from your desirability as a money making concern. Telstra have had community service obligations for quite some time, and a lot of their work makes a loss. They make a loss in various country areas, and they cross-subsidise from their profit making areas. But that did not deter anybody from buying Telstra shares. It did not detract from Telstra as a very desirable commercial organisation. For the banks to say, ‘We couldn’t do it; we’d start to lose share value,’ is a load of nonsense.

Mr ANTHONY—Are you aware of CreditCare? It is a project in New South Wales. Where banks pulled out of towns, leaving no bank behind, CreditCare—which was supported by the state and Commonwealth governments and credit organisations—would go in and set up a facility. It has worked quite well in most locations. That was one outcome for areas where banks have pulled out. There has not been a blanket USO but there have been facilities provided by governments which have stepped into the breach to help encourage credit unions, as opposed to banks, to fill the void. That has worked reasonably well. That formula has not been applied in Western Australia yet but it is happening in some centres.

Mrs Middap—Western Australian country towns have had literally no assistance whatsoever to look for alternatives. Anything that they have devised has been of their own doing. In other words, as for the shire agency, it was entirely this community’s thinking that got it going. There was no assistance either from the bank or from the government to look for any sort of viable alternative.

Mr ANTHONY—What is happening, from what this inquiry has been told, is that in a lot of those areas state and local governments, with other agencies, are now at least trying to facilitate this and help

communities that have lost their banks. In some areas it has worked quite well but obviously you are behind the eight ball in this state.

Mrs Middap—The other disadvantage is that we are a long way from a capital city. With all due respect, outback New South Wales is totally outback but it is not as far from Sydney as we are from Perth. For some of these organisations distance does become a practical reality. We are just a long way away.

Mr Mahomet—It is important in this process to be mindful of the fact that, if we were to go down the track of analysing even the possibility of getting into a regional bank or a credit union situation, the thing must be actually physically driven from this end. I think, quite frankly, that we need to be in a position to either be supported by funds from government or whomever to do market research and analysis to see if it is possible to get a start-up, rather than have gurus sent from 3,500 kilometres away do a whip-through of this area, when the climate is like this, and head off again.

I think it would be important, if we were to look at the prospect of any other alternative banking facility, that it be actually physically driven from this end of the world and that the support, funds or whatever were made available to this part of the world for us to get on and do the job ourselves. We have had plenty of other impositions put on us from elsewhere that have not worked.

Mr WILLIS—That is what actually happens with CreditCare. The local community is asked to assess its own needs and is usually given some funds to help it do that. When they assess their needs and assess what it means, arrangements are then made with CreditCare as to whether it would be viable to have a credit union operate in that area or not. I did not quite get the answer that you gave before to that question. Did you get in touch at all with CreditCare when the bank pulled out or did you just move into the agency arrangement without any consideration of a credit union?

Mr Mahomet—There were discussions along those lines and we also contacted some people in Perth who have had an involvement in setting up regional banks and things. They are 3,500 kilometres away. Just to get them here to have a discussion with them was going to cost about \$6,500.

Mr WILLIS—It would not have cost that much through CreditCare if you had got on the list. There are plenty of other communities which are in the same position and which are up for consideration, but eventually there would be some consideration of the community's needs.

Mr Hammond—How do you get onto this?

Mr WILLIS—You make an application to them to be one of those areas that is considered.

Mr Hammond—CreditCare is in which state?

Mr WILLIS—I think it is operated essentially from Canberra. Credit Union Services, which has its headquarters in Canberra, is the body that looks after all of the credit union coordination activities across Australia.

Mr Vagg—Once you get on the list, what is the time frame?

Mr WILLIS—Government funds are limited so there is a waiting list of areas to be considered. I could not tell you how long that list is at present, but they do go through something like 30-odd a year.

Mr Mahomet—Perhaps we should take a proactive approach and go out and get an idea of what it would cost us to put together a survey to support the whole notion of a regional bank and come back with a figure.

CHAIR—This is what Mr Willis is talking about. That is what it is all about—someone coming in and doing that for you. Generally, it is someone who has worked in a credit union for many years, has a very good understanding of the local community type of approach and knows not only how to do the assessment but to give the right encouragement. A lot of that is actually about getting the community itself to want to own the solution.

Mr Mahomet—Is CreditCare part of the CUSCAL group?

CHAIR—It is attached to it. As there are no further questions and as you have nothing further to say to the committee, I would like to thank everyone for the opportunity to hear firsthand what you have to say, to see some of the difficulties that you have here in Wyndham and to hear what has occurred since BankWest closed their branch. I thank everyone for coming along and also *Hansard*.

Resolved (on motion by **Mr Hockey**, seconded by **Mr Albanese**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.25 p.m.