

transport and regional development

# **Rural transaction Centres**

**Rural Transaction Centres** – A second Coalition Government will provide up to \$70 million over five years, funded from the next 16% sale of Telstra, to put services back into smaller rural towns. These transaction centres will provide services such as personal banking, elements of business banking, postal services, Medicare Easyclaim facilities, and phone and fax facilities. The transaction centres will be run by local communities to boost small businesses and jobs in rural Australia.

## **Rural Transaction Centres**

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## **Executive Summary**

### **Part 1 Rural Transaction Centres**

- Australians, especially in smaller country towns, are concerned about the decline in traditional face-to-face transaction services in rural areas of Australia.
- The Coalition believes people living in rural Australia should have access to basic transaction services such as personal banking, postal services, Medicare Easyclaim, and fax and phone services.
- While a range of current commercial and government initiatives are helping to overcome the decline in services, further assistance is required to ensure that people in rural Australia have access to basic private and government transaction services.

- The Coalition **will make up to \$70 million available over the next five years, funded from the social bonus attached to the next 16% of Telstra**, to establish up to 500 Rural Transaction Centres in rural Australia.
- Rural Transaction Centres will fill the gaps in banking, postal, phone and fax, and Medicare claim services in smaller towns no longer able to attract some or all of these services.
- In addition to improving services, this will boost small business and generate employment in the rural towns.
- This initiative will be sufficiently flexible to ensure that rural centres complement but do not duplicate or force out existing services (eg postal services) in a town.
- Under the programme, local communities will apply for improved access to a menu of primary transaction services with the option at a later stage to add a range of extended services such as videoconferencing, Jobs Network, internet, private health funds, Centrelink, and other Federal, State and Territory and local government services.
- The Centres will be run either by the local community itself or by a small business in the local community, with the aggregation of transaction services in a single centre enhancing the viability of the service provider.
- Commonwealth assistance will fund the capital costs of setting up the rural transactions centres and maintenance costs. Subject to certain criteria, Commonwealth assistance will also be made available to subsidise the running costs of the centres during their early years of operation.
- The Coalition's Rural Transaction Centre programme will initially focus on smaller towns, for example, with populations between 500 and 3,000, in order to assist those communities in greatest need and, at the same time, to minimise overlap with other commercial and government initiatives.
- However, the programme will also be open to other towns with a strong case for assistance.

## **Labor's Record**

### **A Labor Deserted Regional Australia**

During its 13 years in government, Labor ignored regional Australia. Under Labor, the great bulk of Commonwealth funding was directed to projects in major cities, not regional Australia. Labor spent less than \$40 million a year over four years on regional Australia's needs. In addition, a disproportionate amount of regional funding was wasted on establishing regional bureaucracies rather than on delivering improved services to people in regional Australia. Unfortunately, Labor's neglect in regional Australia resulted in crucial economic and social infrastructure becoming run-down.

#### **(i) Banking, Postal and other services**

Labor took no action to address the adverse impact of bank closures in regional Australia over its 13 years in power.

Research conducted by Credit Union Services Corporation Australia Limited (CUSCAL) in 1995 found that there were 600 rural towns in Australia with populations of between 200 and 5,000 inhabitants which did not have a financial institution within 40km of the town.

Survey based research conducted by the National Farmers' Federation and the Centre for Australian Financial Institutions clearly indicates that the closure of the last bank branch in a rural town can have a significant adverse impact both on individual residents and on the local economy more generally.

Under Labor, the number of postal outlets fell by 277 during its last six years in office, and no action was taken to reverse this decline.

Despite being in government for 13 years, Labor also took no action to make Medicare claims more accessible for people in regional and rural Australia.

## **Highlights of the Government's Achievements**

### **A The Coalition's Commitment to Regional Australia**

The Government has already taken substantial steps in ensuring that people in rural Australia have access to basic transaction services.

We have, for the first time, devoted \$2.7 million through the CreditCare programme to help rural and remote communities attract non-bank financial services. Under this Commonwealth sponsored programme, financial experts are sent into rural communities to assist with the preparation of business plans and the other preparatory work that is required to attract and establish a credit union in the town.

To date, the Coalition's commitment to CreditCare has resulted in more than 40 new services being established in rural towns which have lost access to their banking services.

The number of Australia Post postal outlets increased by 151 during the first two financial years in which the Coalition was in office.

In addition, the Coalition's historic Postal Service Charter guarantees that at least 2,500 regional and rural postal outlets will be maintained. The Government has also obtained an undertaking from Australia Post that no post office or mail centre will close as a result of the Coalition's sensible response to the National Competition Council review.

The Coalition is locating 600 Medicare Easyclaim facilities in pharmacies throughout Australia. Some 520 of these Easy Claim facilities will be located in rural Australia. Already, over 480 Medicare Easyclaim facilities have been installed, the vast majority of which are located in rural areas. A referred Howard/Fischer Government will double the number of Medicare Easy ?? Facilities throughout Australian pharmacies, further boosting Medicare access in rural and regional areas of our nation

The Coalition's \$250 million Regional Telecommunications Infrastructure Fund is providing rural communities with improved access to the internet, thereby facilitating the development of electronic commerce.

## **Rural Transaction Centres**

There is increasing community concern about the lack of availability of transaction-based services in regional Australia.

The 'thinning out' of traditional face-to-face services is often

described as the 'last bank' problem.

In 1995, the Credit Union Services Corporation Australia Limited (CUSCAL) found that there were 600 rural towns in Australia with populations of between 200 and 5,000 inhabitants which did not have a financial institution within 40km of town. More recent CUSCAL research has indicated that, over the past 3 years, 160 rural towns experienced bank branch closures, and of these, 119 towns lost their last bank branch.

### **(i) Objective of the Rural Transaction Centres**

The objective of the Rural Transaction Centres is to improve access to basic private and government transaction services, and to do so in a way that encourages private sector and/or community based provision.

This Coalition initiative is aimed at filling the gaps in banking (personal banking, elements of business banking and automatic teller machines), postal, phone and fax, and Medicare Easyclaim services in smaller towns no longer able to attract some or all of these services.

Our programme will be sufficiently flexible to take into account the differing existing provision of transaction services in different towns, the differing needs of individual communities and the large number of private and government initiatives already planned or under way. In particular, a number of banks are now installing transaction facilities in smaller country towns, while a number of State and Territory Governments are establishing One Stop Shops to deliver government services to rural Australia.

In boosting rural services, a Coalition Government will look to maximise the use of emerging technologies like Smart Cards (which have the potential to overcome the problems entailed in the transportation of large amounts of cash) while retaining the face-to-face contact that is so important to people in rural Australia.

### **(i) Services provided by Rural Transaction Centres**

Under our initiative, local community groups will apply for improved access to a menu of primary transaction services – such as fax and phone, postal, banking (personal and some business banking transactions as well as automatic teller machines) and Medicare Easyclaim – and, at a later stage, to a range of extended services, such as videoconferencing, internet, private health funds, as well as Centrelink, the Job Network, and other government services.

The primary services will be essential transaction services which are

lacking in a particular smaller rural town, and which the Commonwealth would subsidise and arrange their delivery. The extended services should largely be commercially viable add-ons, with contributions sought from the community or the RTC provider in order for these services to be provided.

The same services would not necessarily be available at each RTC, with the range provided depending on the services already available in the particular community or likely to be met from alternative commercial arrangements.

### **(iii) Management of the Rural Transaction Centres**

It is envisaged that the rural services will be delivered by outlets such as a pharmacy, newsagent, other small business, or community body such as a telecentre. It is envisaged that Centres will take the form of a kiosk, which is attached, to, or within, the existing business or community site. Rural Transaction Centres, whenever possible, will provide face-to-face contact for members of the community conducting transactions.

Provision of rural outlet will be tendered out, with selection based on the applicant's ability and willingness to deliver the services that are required by the community as well as its ability to fund, to the maximum extent possible, any ongoing service costs.

A key aim of the Coalition's rural services initiative will be to ensure that it does not 'crowd out' existing or planned commercial or government transaction services in the town. This risk will be minimised by focussing on smaller towns where commercial services are not provided, and by seeking applications for a 'menu' of primary services from local communities.

To ensure that allowance is made for the existence of some primary services (eg postal services) in some towns, it is likely that not all communities will want centres to provide the full range of primary services, and that existing providers such as pharmacies and postal outlets will be able to apply to become RTC outlets.

### **(iii) Commonwealth Funding of Rural Transaction Centres**

Funded from the Telstra social bonus arising from the next 16% sale, a Coalition Government will allocate up to a total of \$70 million over five years to the Rural Transaction Centres programme.

This money will be used to fund the set-up costs of up to 500 centres

in rural and regional Australia; to assist in the ongoing maintenance of sites and, subject to certain criteria, to subsidise the recurrent costs of Rural Transaction Centres during their early years of operation.

By aggregating primary services such as banking and Medicare Easyclaim, the rural centres will reduce the cost of delivery of services, compared with their provision on an individual basis.

In some cases, it is envisaged that aggregation, combined with higher numbers of transactions and greater availability of services will make Rural Transaction Centres largely self-sustaining after a few years, and hence more attractive to commercial providers.

However, given the 'safety net' nature of the initiative, it is recognised that ongoing Commonwealth assistance will be required in the early years in addition to the initial provision of the necessary capital equipment and communications infrastructure.

#### **(iv) Responsibility for Administering the Rural Transaction Centre Programme**

By using a 'broker' model for the administration of the Rural Transaction Centre programme, a returned Coalition Government will be able to achieve the right balance between the efficiency and consistency of a national initiative and the local ownership potential of a more community driven participative approach.

Under the 'broker' model, the Government will contract a commercial broker which will have the task of establishing service points in rural communities for the delivery of primary services and arranging the provision of these services with service providers such as banks.

A community group such as a local government council, community organisation, progress association or a chamber of commerce, would nominate what they consider to be the gaps in the primary services available in their town.

An Advisory Panel, comprising people with expertise in the economic and social conditions in regional Australia as well as in commercial transaction related businesses and communications, will assess the eligibility of applications against pre-determined eligibility criteria, including the existing availability of services and the likelihood of services being provided in the near future by other providers. The Advisory Panel will make recommendations to the Minister with



responsibility for Regional Development.

Following the Minister's approval of applications for a particular bundle of services for a particular community, a service 'broker' will be contracted to call for expressions of interest from potential service points in the community, and will select the most appropriate applicant based on cost and service criteria, including the amount of funding the outlet can provide towards ongoing service costs. The broker will then provide the necessary funding to the Rural Transaction Centre service provider and oversee the subsequent delivery and maintenance of the services.

The programme will be phased in to minimise overlap with other existing and planned commercial and government transaction initiatives. The programme will be reviewed after its first three years of operation.

### **(v) Target Towns**

There is no 'typical town' that is most adversely affected by reduced transaction services. However, given the commercially oriented private sector and other initiatives already in place, it is likely that the most significant gaps in primary transaction services occur in towns with populations between 500 and 3,000 people.

Applications by individual communities for eligibility under the programme will be assessed on the basis of need. This means that rural towns that successfully apply for transaction services provided under other commercial and government programmes will not be precluded from seeking funding under the Rural Transaction Centres programme.

While it is likely that towns with populations of between 500 and 3,000 will be the most likely candidates for the establishment of a centre, the programme will also be open to other towns with a strong case for assistance.

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