

14 November 2017

The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131, CANBERRA ACT 2601

By email: adjudication@acc.gov.au

Dear General Manager

A91593 – Australian Bankers Association – Submission

I refer to the Application for Authorisation A91593, the continuation of an arrangement to provide fee-free ATM balance enquiries and withdrawals in selected very remote Indigenous communities.

CEQ thanks the ACCC for the ability to comment on the Authorisation of which, comments are detailed below. By way of background Community Enterprise Queensland (CEQ) provides essential goods and services to Torres Strait, NPA and mainland Aboriginal communities in remote areas. CEQ is referenced in the Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984.

CEQ services 26 retail outlets in the Torres Strait and Northern Peninsula Area, including six Community Supermarkets on the mainland. CEQ is a key player in the regional economic framework of the communities that it operates within. CEQ is a major employer (322 headcount) in remote communities and provides training opportunities for local people.

CEQ stores provide fresh and healthy food, drinks and a variety of other supermarket products at a fair price. CEQ tailors store ranges to give remote local communities the best fresh produce and encourage healthy food choices. Other services provided by CEQ include day to day management of Automatic Teller Machines (ATM's), the provision of retail general merchandise such as whitegoods, drapery, manchester, furniture, power cards, along with fuel and domestic gas bottles. Without CEQ remote communities in the Torres Strait and elsewhere would suffer a lower service level and reduced standard of living.

Recent Awareness of Fee-Free ATM's

CEQ was relatively recently made aware of fee free ATM's having merged with Retail Stores on the mainland where currently 4 locations are afforded fee free ATM's. CEQ has in interest in expanding the fee free ATM network to include its other remote stores.

In terms of the consultation process CEQ would seek to request that it be placed on any register that the ACCC may have for interested parties that is relevant to essential service provision in rural, remote and indigenous communities. CEQ is part of the fabric of service provision in these communities and would welcome an opportunity to be involved in any future works that the ACCC may engage in regarding these communities.

Remoteness Criteria

CEQ considers that it operates in some of the most remote locations within Australia. For instance many of the CEQ stores are closer to New Guinea than any Australian Banking Institution. Mer (Murray) Island sits on the edge of the 'Continental Shelf'. CEQ currently operates 24 ATMs in rural and remote locations. 19 sites would be considered as remote from any banking institution – 12 of these sites are in the outer islands of the Torres Strait – of which 1 site can only be reached by helicopter or ocean going vessel. The other sites are reachable by fixed wing aircraft or ocean going vessel – all at great expense. CEQ delivers essential services in the outer islands of the Torres Strait and mainland stores and does this through community stores which do not operate in venues that provide alcohol or gambling products.

Public Benefit

CEQ concurs with the findings of the ACCC that there is benefit in the fee free arrangement for ATM's in very remote indigenous communities. CEQ would like to address a number of points associated with the structural arrangement of the delivery of free free ATM's from an end user perspective. These points include:

1. ATM Deployers and mis-use of market power (albeit at a micro level)
2. List of Identified ATM's

ATM Deployers

CEQ's preference is for ATM Deployers to be opened up to the market to provide for contestability in this area – greater competition amongst providers should improve service level provision. ATM Deployers should be able to opt in and out of the arrangement subject to a potential entrant being able to demonstrate to its regulatory body an ability to meet specific criteria.

At present there is 1 named ATM Deployer which significantly reduces CEQ's ability to engage the market. In effect there is monopoly provision and a protected party. Market forces will not drive improvements in productivity or service levels where a participant is protected.

CEQ Position Open ATM Deployment to any firm capable of meeting specific quality criteria as directed by the regulatory authority.

List of Identified ATM's

It is understood that a key tenement of providing fee free ATM's into communities is to reduce the fee burden associated with excessive ATM usage for those in the community.

CEQ's proposition is that rather than a list of ATM's be identified as fee free – that discrete communities be identified as fee free, an example being, say, the Deed of Grant in Trust (DOGIT) area of Saibai Island or specific identified indigenous council's, for example, Torres Strait Island Regional Council or Pormpuraaw Aboriginal Shire Council.

Again at a micro level the effect of stipulating an ATM as fee free has the effect of directing all traffic associated with cash outs to that ATM in a community. In effect this limits competition (as walk-through traffic is directed to one location) within the community which has the effect of reducing a communities ability to engage in enterprise growth.

Flow on effect of an identified ATM

Costs of ATM Stocking

A flow on effect is associated with the cost of servicing the ATM's. Generally speaking if one ATM is fee free in a community then the burden of maintaining the ATM falls on one end user. In remote communities the cost of transport of cash including secure flights is quite high as there are costs associated with security firms, transport to airports and secure / valuable cargo fees. Generally speaking costs are in the ballpark of \$1,000 per transport of cash in. This includes:

- Security transport fees (it is not a matter of delivery to the front door – cash needs to be monitored at airports);
- The booking of a flight (again sensitive freight is the same as a normal ticket e.g. \$400); and
- Insurance costs for cash in transit.

Further to the transport costs end user providers of ATM's are responsible for first point of call on:

- Cash stacking of the machine;
- Troubleshooting; and
- Minor maintenance works e.g. swap out a cassette.

Technical visits for works beyond end user capability are paid for on an hourly rate basis to ATM Deployers.

In some instances the cash may be re-invested in the store, however, CEQ's experience is that there is significant cash leakage out of the store, thereby requiring CEQ to fly additional cash in.

CEQ's position is that all willing participants in a community should have the same ability to access fee free ATM's and that these are not limited to a particular shop or physical location.

Opening up the playing field will also provide additional redundancy in the event of an ATM failing. CEQ currently has a fail-over being POS transactions at the 'till'. In instances where ATM's are down for weeks and months this does have an undesirable effect on counter times for customers, especially so when no purchases of goods occur.

CEQ Position ***Allow all enterprise(s) within a geographic boundary e.g. DOGIT Communities (Queensland) or similar to provide fee free ATM services.***

Capped ATM's

CEQ would like to see the removal of the number of ATM's to which the authorisation applies and rather have the authorisation applied on a needs basis associated with the community in question. For example CEQ considers that it meets the eligibility requirements in most of its instances yet is unable to access the service.

Nor has CEQ been approached to offer fee free services in its stores. CEQ considers that it is in a better position than an ATM Deployer to submit proposals for the communities that it services.

The Authorisation para 41 discussed the notion that even with fee free ATM's there has not been an increase in ATM's in these remote communities. It is felt by CEQ that there has not been an increase in ATM's due to the capping of ATM's at 85 and the general lack of understanding from organisations in the community on how to access fee free arrangements.

For instance, CEQ as a provider of essential services in remote indigenous communities was unaware of fee free ATM's until a recent merger saw it start to manage 4 sites that were approved under the first Authorisation.

CEQ believes that at the time of writing this submission that it has 15 compliant remote sites in indigenous communities that should be eligible for fee free ATM's.

The ABA submission (p5 Submission in support of application....., 1 August 2017) states that the fee free arrangement '*will be of very limited scope with a limit of only 85 ATM's*'. The very nature of this limitation whilst benefiting a specific community immensely will not provide for widespread improvements and fairer access for indigenous communities generally. In some cases offense could be generated e.g. Store A has a fee free ATM and in an indigenous community (say 4 hours drive

away) Store B (which is equally remote) is a full fee paying store. CEQ sees this as an inequity which should be addressed.

It is understood the intent of the fee free ATM's is to "reduce the financial burden from the cumulative impact of ATM fees for indigenous people living in very remote communities and free up money in their budgets to spend on essential living expenses, such as food, clothing, education costs etc".(ABA Submission p.4) Arbitrarily capping the number of ATM's at 85 and excluding like neighbouring communities from entering the arrangement where social indicators are the same or similar is seen as inequitable.

CEQ Position *CEQ as a major supplier of essential services in communities is in a better place to propose fee free ATM's than an ATM Deployer; and*

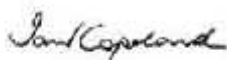
Capping fee free ATM's at an arbitrary 85 will never significantly improve the disposable income for residents in remote indigenous communities due to the small number of eligible machines. Disposable income for fresh fruit, vegetables, bread meat and dairy products is therefore reduced.

With regard to the position above – it is noted that there is significant social and economic benefit to the communities that have access to the fee free ATM's.

To sum up, CEQ commends the fee free ATM initiative, CEQ's preference is that there is increased contestability associated with ATM Deployments and that current capping of fee free ATM's is removed and consideration given to communities as a whole rather than a store location. CEQ would welcome any initiative to further broaden fee free ATM deployments in remote indigenous communities.

Should you require any further information please contact myself on 07 40504300 or ceo@ceqld.org.au.

Yours faithfully



Ian Copeland
Chief Executive Officer