



Aboriginal Co-ordinating Council
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CHERBOURG
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WOORABINDA

HOPEVALE
LOCKART RIVER
WUJAL WUJAL
YARRABAH

INJNOO
MAPOON
NEW MAPOON
UMAGICO

DOOMADGEE
KOWANYAMA
PORMPURA AW
NAPRANUM

FAX TRANSMISSION

DATE:	TIME:
TO:	ACCC
ATT:	Paul Paulsi
FROM:	PETER OPIO-OYIM.
SUBJECT:	ACCC APPLICATION FOR AUTHORIZATION - EFTPOS.

MESSAGE:

Letter + Submission

Facsimile No: (02) 6243 1211
No. of pages (Including this page): 15

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Promoting the development of Aboriginal Government



ABORIGINAL CO-ORDINATING COUNCIL

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Our ref: PO:AW – 4.1.74

17 March 2003

The General Manager
Australian Competition & Consumer Commission
PO Box 1199
DICKSON 2602

Dear Sir

Re: Your Reference C2003/238, C2003/240
Application for Authorisation No's A 30224 and A 30225 in relation to EFTPOS
Interchange Fees

Please find following a written submission prepared by the Aboriginal Co-ordinating Council (ACC) in response to the above subject.

If you have any questions in relation to this submission, please contact the undersigned on (07) 4044 2902

Yours sincerely

Peter Opio-Otim
Executive Director
ABORIGINAL CO-ORDINATING COUNCIL

Enclosure**

ABORIGINAL CO-ORDINATING COUNCIL

Submission on:

**Applications for Authorisation Nos A 30224 and A 30225 in relation to
the EFTPOS interchange fee**

**TO THE AUSTRALIAN COMPETITION AND
CONSUMER COMMISSION**

17 March 2003

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Introduction

This submission has been prepared by the Aboriginal Co-ordinating Council (ACC) in response to a request from the Australian Competition and Consumer Commission (ACCC) regarding Applications for Authorisation Nos A 30224 and A 30225 in relation to EFTPOS interchange fees. The applications for authorisation relate to an Interchange Fee Agreement between the Applicants and the agreement provides for the collective reduction of current interchange or wholesale fees to zero cents per transaction for all EFTPOS processing transactions conducted between the Applicants. As a party who has considerable interest in the applications and its effects and ramifications to the constituents that the ACC represents, we have taken the opportunity to prepare this submission.

Background

Aboriginal Co-ordinating Council

The Aboriginal Co-ordinating Council is constituted under the Queensland Community Services (Aborigines) Act 1984 and it is the Queensland's Peak Community Government body that represents the interest of all Queensland Aboriginal 15 Deed of Grant in Trust (DOGIT) Community Councils. The following DOGIT Community Councils are members of the ACC:

- Cherbourg Aboriginal Council
- Doomadgee Aboriginal Council
- Hope Vale Aboriginal Council
- Injinoo Aboriginal Council
- Kowanyama Aboriginal Council
- Lockhart River Aboriginal Council
- Mapoon Aboriginal Council
- Napranum Aboriginal Council
- New Mapoon Aboriginal Council
- Palm Island Aboriginal Council
- Pormpuraaw Aboriginal Council
- Umagico Aboriginal Council
- Woorabinda Aboriginal Council

- Wujal Wujal Aboriginal Council
- Yarrabah Aboriginal Council

Refer to Map to see the locations of these DOGIT Communities.

The legislation established Aboriginal Community Councils to become local government bodies for Aboriginal Communities that were previously reserves or missions.

Section 47 (1) of the Community Services Act (CSA) states:

“An Aboriginal Council has and may discharge the functions of local government of the area for which it is established and is hereby charged with the good rule and government thereof in accordance with the customs and practices of the Aborigines concerned and for that purpose may make by-laws and enforce the observance of all by-laws lawfully made by it”.

Each Council has a body of elected persons called councillors who act on behalf of the residents.

In addition, all Aboriginal DOGIT Community Councils are members of the Aboriginal Co-ordinating Council. *S.142* provides information on the membership of the Council and states:

“...the Aboriginal Co-ordinating Council shall be constituted by

- (a) *the persons who are Chairpersons of the Aboriginal Councils;*
and
- (b) *a number of persons (equal to the number of Aboriginal Councils) consisting of 1 person selected by each Aboriginal Council and being a member of the Council by which the person is selected”*

The full council of the ACC meets at least twice a year. The full council has an executive comprising of:

- Chairperson
- Deputy Chairperson and
- Four other Executive Members each representing each of the 4 regions of the ACC.

The Executive Committee Members meet quarterly.

The functions of the ACC are set out under s.143 of the CSA and include inter alia:

*“...to consider and advise any person on matters affecting the progress, development and well-being of Aborigines...
to accept grants or loans of money from the Government or the Commonwealth or the State or contribution of money from any other source and, subject to s.(2) to expend that money in accordance with*

the terms and conditions on which the money is received, or if there are no such terms and conditions in securing the progress, development and well-being of Aborigines in all or any of the areas... to act on behalf of 1 or more of the Aboriginal Councils for such lawful purposes as are requested of it by the Aboriginal Council or Councils concerned...

to employ such agents and servants as are necessary for the proper and efficient discharge of its functions and powers under this act..."

The ACC has got a formal organisational structure to help it deal with the myriad of problems, issues and challenges that the DOGIT Community residents face. One unit of relevance within the context of this submission is the Consumer Affairs unit of the ACC. ***Refer to the ACC Organisation Structure.***

Consumer Affairs Unit – Consumer Involvement

Background

From 1984 to 1990 the Colonial Mutual Life Insurance Society (CMLA) sold investment and superannuation insurance policies to approximately 2000 residents of the DOGIT and other communities in Queensland. After some complaints, the then Trade Practices Commission (TPC) now the

Australian Competition and Consumer Commission (ACCC) carried out some investigations. As a result, CMLA agreed to refund with interest all premiums paid to named Aboriginal clients in certain Aboriginal Communities where those clients did not wish to continue with the policies or the policies had lapsed. CMLA agreed to place in a Trust Fund the sum of \$715,000 to be used for the "education and cultural advancement of the beneficiaries". ATSIC was made trustees of the fund and stated that it was keen to target the area of consumer rights and education.

In November 1994, ATSIC sought expressions of interest to access the available funding from the Trust. ACC made a submission and in March 1995, ATSIC gave in principle, agreement to provide \$335,000 to the ACC. In 1998, ACC received the funding and in November of that year appointed the Consumer Affairs officer and the Consumer Awareness Program begun in earnest.

One of the objectives of the unit is to deliver consumer awareness education and resources to all DOGIT Communities plus the shires of Aurukun and Mornington Island and in so doing provide the community residents with the skills and competency to cater for their own consumer needs including ability to make wise purchasing decisions, get assistance on major consumer problems and play an advocacy role on behalf of the DOGIT consumers.

The foregoing statement indicates the interest that the ACC has got in the Consumer Affairs. It also represents heightened interest that the ACC has taken on consumer issues in general and one of advocacy in particular.

Comments

The Aboriginal Co-ordinating Council is particularly concerned by both quantitative and qualitative data which indicate that indigenous people especially from DOGIT Communities in Queensland continue to suffer disadvantage both in the Australian banking system and electronic processing relative to the general Australian population. In terms of access to banking services more specifically, the indigenous people are facing increasing banking costs and have been provided (relative) with very limited banking outlets.

As a result of deregulation policies which became a prominent feature of Australian Government policy in the 1990's, many banks reduced/withdrew their services from Communities. Aboriginal Community Councils were forced to assume agency roles on behalf of Communities, but still paid banks commissions. Banks encouraged their customer to switch from across the counter banking practices to the use of modern e-banking system. While 'across the counter' banking services attracted zero fees, e-banking attracted transaction charges in situations where customers for reasons through no

fault of their own were forced to pay transaction charges whenever they used other "competitors" banking outlets.

Evidence from the work undertaken by the ACC Consumer Affairs Unit since its inception in 1998 indicates that Aboriginal DOGIT Communities face many problems in the area of banking. One such common problem that has been noted by the ACC is the cost that customers have to incur each time they use the EFTPOS. This cost has become more prominent because of the reduction in the number of banking outlets on communities. These transaction costs represent a fair amount of cost to the DOGIT Communities. Most DOGIT Communities rely on CDEP income which averages around \$170 per week. Depending on the number of times the transactions are made, the cumulative financial burden can be significant.

The number of ATM outlets where people use EFTPOS are quite limited. This means that these limited outlets must serve multiple EFTPOS users. Unfortunately, because of the current practice, the cost of processing these transactions have to be borne by the "poor" consumers. These are poor people – poor in the sense that the average personal disposable income of these people is so small that every dollar literally has got a very high utility value compared to the general Australian public.

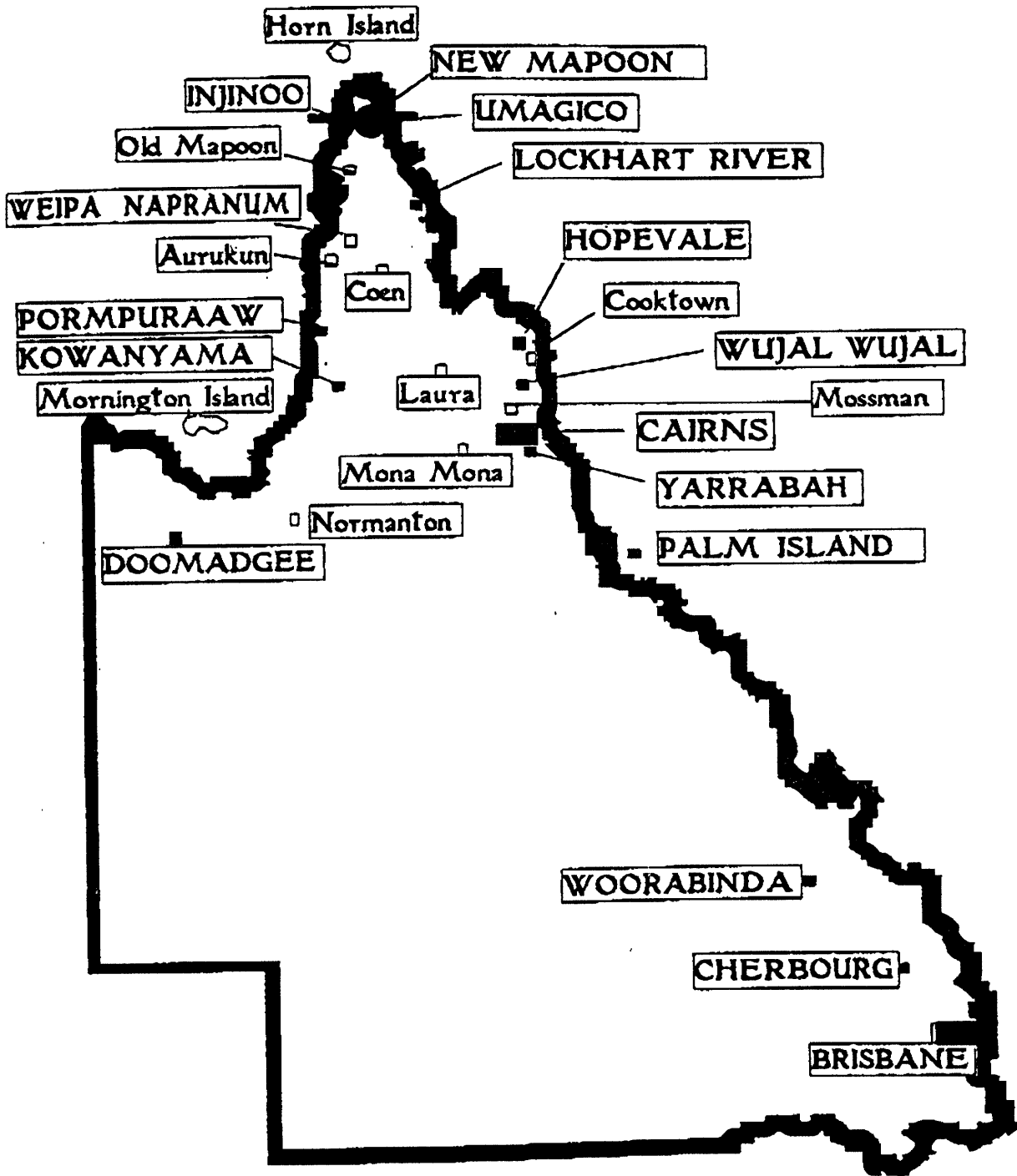
Finally, bank fees or charges represent a very significant proportion that make up bank profits in general and the bank total deposits in particular. As an item that constitutes the bank total deposit, they enable the banks to make available loans to its customers. Unfortunately, albeit no concrete data, evidence seems to show that DOGIT Community residents have not benefited from these loanable funds principally because of the strict loan policies that most Australian banks pursue. As a consequence, there is no return that consumers from DOGIT Communities receive from these charges that they incur on these transactions unlike their mainstream counterparts, who either as shareholders or people who can access loanable funds, can reap multiplier benefits from bank fees/charges. The net result of all these is that DOGIT resident consumers are contributing to banks profits, but not receiving any significant direct payoffs from such schemes.

Conclusion : Our Position

Because of the foregoing, and other reasons provided in the applications, the Aboriginal Co-ordinating Council as the representative body of Queensland DOGIT Communities strongly support the Applications for Authorisation Nos A 30224 and A 30225 in relation to EFTPOS interchange fees that the current interchange or whole fees be reduced to zero per transaction for all EFTPOS processes and transactions conducted between the applicants.

current interchange or whole fees be reduced to zero per transaction for all EFTPOS processes and transactions conducted between the applicants.

We hope that you will take our view in your final decision.



■ DOGIT Communities
□ Affiliate Members

STRUCTURE

To meet its corporate objectives and carry out its functions most effectively, the ACC has got a formal structure. The elements of this structure are Full Council Members, Executive Committee, Policy Development, Monitoring, Evaluation and Co-ordination, Professional Services and Finance and Administration Sections. The work of each section/unit for 2001/2002 is outlined in the appropriate sections of the report.

