

Reading Between the Lines this week:

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## **The high price of convenient cash**

Each and every day millions of Australians pay financial institutions to access their own money. One of the most expensive ways of doing so is by using a third-party automatic teller machine - that is, an ATM not provided by their own bank. In most cases, third-party ATMs charge \$2 for every transaction, including checking one's account balance. In other words, \$2 is the price consumers pay every time they are disloyal to their bank.

In many cases consumers are charged ATM fees twice in the one transaction, if they first check their account balance and then withdraw cash. In this situation, the cost of a balance enquiry is effectively \$4. This 'double-whammy' in essence penalises financially responsible behaviour.

New figures from the Australia Institute indicate that Australians are still paying around \$750 million per year in ATM fees. Despite reforms in 2009 designed to lower prices and bring competition to the sector, third-party ATM fees typically remain at \$2 or higher. In the Reserve Bank's words, the \$2 fee has become a 'benchmark'.

There is substantial public opposition to ATM fees. Survey results indicate that the great majority of Australians (82%) believe it is unfair for banks to charge \$2 to use their ATMs. Survey findings also corroborate the Reserve Bank's claim that consumers have changed their behaviour in order to avoid paying third-party ATM fees now that they are more aware that such fees exist.

In the year following the 2009 reforms, the use of third-party ATMs fell 18 per cent, delivering consumers savings of some \$120 million. Virtually all these savings were the direct result of consumers deliberately avoiding foreign ATMs, even though behaviour change was never an explicit objective of the Reserve Bank's reforms. But there is only so much that consumers can do when 'market forces' continue to let them down.

The Australia Institute's recent report, [\*The price of disloyalty: Why competition has failed to lower ATM fees\*](#), published in collaboration with [CHOICE](#), provides several options to make the ATM system fairer for consumers. These include:

- Requiring ATM owners to display the cost of transactions prominently on the outside of their machines
- Abolishing fees for balance enquiries
- Collecting regular information on the gap between the cost of providing ATMs and the revenue they can generate
- Setting an upper limit on ATM fees at a level which reflects the actual costs of providing the service, particularly in locations with only one ATM provider.

## **Children Out Of Detention**

At this point in time there are more than 1,000 children incarcerated in immigration detention centres (IDCs) operating under the federal government's asylum seeker policies. ChilOut – or Children Out of Detention – raises awareness about these children, co-ordinates visitors and assists with the welfare needs of detained families and unaccompanied minors.

ChilOut was formed in August 2001 by concerned parents and citizens in response to the screening of the [ABC's 4 Corners exposé](#) on the psychological and physiological breakdown six year old Shayan Badraie was suffering in Villawood Immigration Detention Centre. At that time 856 children were being held in indefinite mandatory detention.

Over the next four years ChilOut, along with a number of other groups, fought to convince the wider Australian public and policy-makers that detaining children significantly harmed their development, was detrimental to their health and well-being and was not good policy for a civilized, caring society to pursue. In June 2005 the Howard Government responded to a backbenchers' revolt and agreed to release all families into community detention. Then, when the ALP came to power it closed the Nauru Detention Centre, rescinded Temporary Protection Visas and introduced what it called '[New Directions in Detention](#)'.

However, as boats bearing people fleeing turmoil in Sri Lanka and Afghanistan started arriving, 'border protection' once again became a political hot potato. The purpose-built detention centre on Christmas Island, 2,600 km off the coast of Western Australia began to fill and the ALP adopted a harder stance with an eye on the opinion polls. In April 2010 processing of Sri Lankan and Afghan asylum claims was suspended and the remote Curtin IDC was recommissioned. Against the backdrop of the federal election, the number of detained children rose to more than 600 and ChilOut decided it needed to revive its network of supporters and recruit new volunteers.

**If you are able to assist ChilOut, please visit their website [www.chilout.org](http://www.chilout.org), to learn more about how you can be involved.**

## **'It was the best of times; it was the worst of times': The Rudd Years**

### ***Book synopsis***

2007-2010 was a remarkable period in Australian history: Kevin Rudd's government was elected in 2007 with an ambitious program for change, yet these ambitions were unrealised for various reasons, not least being his failure to press ahead when faced with 'roadblocks' as in the case of the ETS, or in managing his massive agenda which elevated multiple issues to 'first order priority'. Although he started his term with stratospheric approval ratings, only two years later Rudd's public support had collapsed and on 24 July 2010 he became the first sitting Prime Minister to be removed by his own party before the expiry of his first term.

In *The Rudd Government: Australian Commonwealth Administration 2007-2010* expert commentators consider the Rudd government's policy, institutional and political legacy. The book outlines the issues and agendas that guided Rudd's government, changes to the institutions of state such as the public service and parliament (especially the Senate), and the key issues and policies that marked Rudd's term in office. It also examines Rudd's leadership; the personal style and political factors that brought his prime ministership to such an abrupt end. The book's overview of Rudd's leadership has been captured in the title of

the first chapter by Chris Aulich, which borrows from the opening lines of *A Tale of Two Cities*: 'it was the best of times; it was the worst of times'.

The Australia Institute's Executive Director Richard Denniss and former Institute researchers Andrew Macintosh and Deb Wilkinson have contributed to the book with a chapter on climate change policy. In the lead-up to the 2007 federal election, Kevin Rudd presented Labor as the party of climate reform, the party that was willing to make the bold decisions needed to set the Australian economy on a new course. These hopes dissipated over the course of the next three years, culminating in the government's decision in April 2010 to shelve its plans to introduce an emissions trading scheme. The abandonment of the ETS sparked a chain of events that ultimately lead to Rudd's removal as Prime Minister.

Chris Aulich and Mark Evans (eds) *The Rudd Government: Australian Commonwealth Administration 2007-2010*, ANU E-press, Canberra, 2010 is available online through ANU E Press at <http://epress.anu.edu.au/> and individual chapters or the entire book can be downloaded free-of-charge. If you would like to purchase a hard copy at the discounted author's rate of \$20, please contact Serena Rogers on 02 6162 4140 by Monday 28 February.

## Events

National Press Club debate – Wednesday 2 March

The Australia Institute's Executive Director Richard Denniss will participate in a debate at the National Press Club on Wednesday, 2 March. Richard will join Andrew Leigh MP to represent the Australian Fabians against Ken Phillips and Grace Collier who are representing the HR Nicholls Society. The topic is ***Is small business the new working class?*** If you are interested in attending the debate please contact Serena Rogers at The Australia Institute on 02 6162 4140.

## Recent publications

[\*Complementary or contradictory? An analysis of the design of climate policies in Australia\*](#), R Denniss and A Macintosh, 9 February

[\*The price of disloyalty: Why competition has failed to lower ATM fees\*](#), J Fear, 17 February

## Recent media

[\*Battle lines drawn over carbon price\*](#), *The Age*, 19 February

[\*Greens may amend bank bill on ATM fee report\*](#), *Business Day*, 17 February

[\*Banks raise \\$750m a year through ATM fees\*](#), *Radio National Breakfast*, 17 February

[\*A carbon price can't save the planet by itself\*](#), *Sydney Morning Herald*, 12 February