

Australian Mutuals History Oral History Program 2022
Interview with Gary Halliday (formerly of QUDOS Bank)
Interview conducted by Ben Woods on 14 June, 2022

Ben Woods (BW):

It is the 14th of June 2022. Ben Woods, Archivist for Australian Mutuals History interviewing Gary Halliday. Gary was with Qudos Bank formerly Qantas Credit Union. Okay, we'll start off looking at your background. Did you study accountancy at college?

Gary Halliday (GH):

Yeah, it was TAFE College I actually started off to do pharmacy at university and then decided I didn't want to be in school anymore. Walked out of Sydney University, first bank I found was the Bank of NSW. I joined there. After 21 months, I left and lived on the Gold Coast for nine months with some mates, then came back and had eight jobs before I came to Qantas Staff Cooperative Credit Union.

BW:

Okay, so you went into finance. Was that sort of a calling you had or you thought oh, this would be an interesting job?

GH:

It was an interesting job. And the then General Manager, Jack Whelan encouraged me to continue to take up the accounting studies. So when I joined it was as an accounting trainee.

BW:

Right, and I noticed it was 1968 when you started with Qantas Credit Union and that you were seconded. Does that just mean you were employed directly by Qantas?

GH:

I was actually employed by Qantas Airways Limited. And on the first day, I had two choices. I spent the morning with internal audit, and the afternoon with the credit union, and I had to make my choice. And I chose the credit union as the most interesting of the two positions. And I stayed seconded to the credit union for 36 years. When I retired, I was still a Qantas employee.

BW:

Okay. And based in Sydney? And so could you take me through a bit about how that ran? What roles you had with Qantas over the years?

GH:

Yeah, well, as I say, I started off as an accounting trainee, which was basically hands on doing everything - a bit of cashiering and tellering. One of my earliest memories is when we ceased to be Qantas Staff Cooperative Credit Union. One of my jobs was to cut the word cooperative out of all the rubber stamps, because they're just red Qantas Credit Union Limited.

BW:

Okay. And why cut out the word cooperative?

GH:

We couldn't afford to buy new stamps. Because the budget was that tight at the time.

BW:

What did Qantas offer in terms of financial assistance?

GH:

Okay, in those times Qantas provided free rental space. The credit union was paying its own way with everything.

BW:

What about today? What does Qantas provide today?

GH:

Qantas continued to provide free rent for us and we were always on Qantas premises. Then it got to the stage for security where the head office had to move from Mascot, because we couldn't have members come in and see us unless we sent someone down to the security gate to sign them in and escort them back. So it became unworkable, because our head office virtually walked out the door and ran into the wing of a 747. So there were all sorts of security problems with that. And from there, we moved to Hurstville. And that was when we first started paying rent.

BW:

And that's the head office today?

GH:

The head office moved from Hurstville back to Mascot. The building we were in in Hurstville was bought by a developer who wanted to knock it down and build home units. That hasn't gone ahead, still office space, but we had to find a new home when we moved to Mascot.

BW:

Where did you go from being a trainee and then what happened?

GH:

After being a Trainee I became a Loans Officer and Branch Manager. I became sort of an accountant, then Company Secretary, Assistant Manager. And then when the then General Manager was unwell for two and a half years, I was Acting General Manager and became General Manager and then retired.

BW:

Were you approached to be on the board?

GH:

I stood when I retired, I did a bit over 12 months consulting, mostly working on a credit card matter. And when that finished, I put my hand up and stood for election to the board.

BW:

And you just had enough?

GH:

Well, we changed our constitution to put a maximum 12 year term for directors to keep in line with APRA's requirements. At the time, I would have been up for 16 years. So I stood down a little bit earlier to enable the appointment of a casual vacancy.

BW:

What are the biggest changes you've seen over the years?

GH:

Well the only time we ever had a resolution defeat at an annual general meeting was when we tried to open the bond, to make it that any shareholder of Qantas, or any member of the Qantas Club could join our credit union. That got defeated by the members as they thought it was a Qantas takeover at the time. So a couple of years later we went back and said, well look, a friend, any member can introduce a new member. And that technically made it an open bond, because you can go into the office and they can sign you up as a new member. So it really opened the bond without having an open bond.

BW:

And what year was that?

GH:

I'm not sure. That was about maybe 10 years ago.

BW:

I know my colleague, she just rang up to join.

GH:

Yeah, because what would happen is that the staff member she spoke to would introduce them as a member. Right. And that's on the form as the introducing member.

BW:

Okay, right. I get it. I know that in 1969, 50% of Qantas employees were members. In 1980, 90% of Qantas employees were members. That's incredible. What would it be today?

GH:

Today, well see Qantas themselves have gone through enormous change. They've retrenched enormous numbers. I think the best guess is around about 30%. Well, that's quite a drop. But still

we have a large membership of former employees and families there. We're not in so close to the Qantas network as we were before. So we have to compete. Qantas have their own arrangements with the Commonwealth Bank and with Macquarie Bank, and we're competing with those others.

BW:

How would you describe the relationship with Qantas today? Is it still good?

GH:

It's still good. Our staff are all on the Qantas payroll. They're repaid fully but now no one's seconded. But Qantas provides the payroll services, we pay a fee for that. That gives all our staff a Qantas staff number and a Qantas ID. Now that's important. So our staff can get access to Qantas locations.

BW:

Right. So what about the premises?

GH:

Well, our head office is one building block away from Qantas head office. We also still have offices in Qantas premises. Except for two of them they're all now rented on a commercial basis.

BW:

Okay. So...

GH:

Two historical locations we still have that we don't pay rent on.

BW:

I noticed the Qantas Museum up in Longreach. Do they have some credit union memorabilia?

GH:

We've gone in with a couple of their projects as a sponsor. And we were actually asked to, with the rebuild of the Avro to support building the engine. The Avro 504 was Qantas' first aircraft. Now they have an original engine, and they were looking to rebuild it.

BW:

So what was your highlight of your time with credit unions and how do you feel about them?

GH:

Yeah, I really think I had lots of highlights in helping people. But I think one of the biggest highlights was bringing in the CUTIE telephone banking system. And that was the first in Australia. And we did that sight unseen. So a bit of history, we first all signed up to move to a computer system with DPMS, which was a Newcastle based system. And they were going to deliver a turnkey solution. They ended up abandoning us, they couldn't do it. So then we had to, we wrote most of the software ourselves, we employed programmers. And we developed it. Now part of that was while developing it and reading all these manuals from digital, we read about a thing called Dec Talk, which was the first thing and we thought, well, we can do that. So we bought it sight unseen, we bought two of the machines. And we programmed that, and we wrote it.

BW:

Very good. So how do you feel about the credit union ethos compared to the shareholder/profit driven system?

GH:

Well, I think that the current regulations by APRA are forcing credit unions or Mutuals into being more bank like, and they're destroying a bit of mutuality. My own view is I don't think most of the members understand what a mutual is. And they don't understand the mutual dividend. And it's very hard to explain to them what the benefit of a mutual is, because everything is just rate based these days. There's so much marketing, so much internet, it's so easy to see comparative rates. And you get crazy situations where you can get \$4,000 to switch your home loan.

BW:

But you're pleased that you went in that direction (credit unions)? You know, it was different when you began?

GH:

Oh, yeah, it was. It was also very hands on. And we were able to see a real benefit in the way we were helping people.

BW:

You had 90% of members of Qantas staff as credit union members in 1980. How would you go about signing up employees?

GH:

Well, in those days, we actually spoke to every new employee. We had induction kits, we spoke to all the new apprentices. We had a very innovative product for the apprentices. We used to have an apprentice loan, where we'd lend them money for their toolkits. And they were actually loans that we were doing to under 18 year olds, which in other words, you could loan to them, but you had no rights to recovery. If they were never repaid. You couldn't recover. But it also gave these young kids an opportunity to buy their toolkits at a reasonable rate and other people wouldn't lend them that money.

BW:

Is there any other sort of products that were unique to Qantas?

GH:

We had some very unique ones. And we did this because of the remoteness of our members. There are members all around the world, and we were at that time just one office in Sydney and one in Mascot. And we looked at ways to provide remote access. And the first one we did was with a telephone withdrawal service where people just rang up and we'd have a cheque delivered to them the next day, we processed that with CUTIE which was our telephone banking. And part of CUTIE was the ability to borrow with a push of a button. You can borrow money, you'd get pre approval limits based on superannuation lending, which we were allowed to do at the time. And people could borrow up to \$150,000 on the phone. They'd apply for a once only limit. And the other interesting thing was because of the strained relationship with CUSCAL, we were never allowed to issue Visa cards. So we did a deal with Westpac to issue their MasterCard, and it was one line of encoding. It had Qantas Staff Credit Union, then the members name and a Westpac card. And they used to use that and we supported that with an overdraft. And that was all. It was probably the best credit card around at the time because there were no fees, there was no charge, there's very low interest on it.

BW:

So, Qantas Credit Union was very innovative and you had no branches?

GH:

No, we didn't have branches, we started building up branches. And at one stage we had branches in every state of Australia except for Tasmania and South Australia. We had Perth, we had Brisbane, we had Victoria.

BW:

So when did the credit union begin offering home loans?

GH:

Okay, so when it was first designed, the credit union setup so it could lend against a person's contribution to the corporate superannuation scheme. Now Qantas had probably the biggest superannuation scheme in Australia, and the superannuation trust deed enabled people to borrow against their own contributions, both through the AMP and through the credit union. And we started off with that, and that became bigger and bigger and as superannuation lending changed it became obvious that we weren't able to continue with superannuation lending. So we started getting into mortgages.

BW:

Right. And that would have been?

GH:

I'm just going back to the dates, I think that was probably started in the in 1980s, maybe 1987

BW:

I see CUTIE was expanded in 1987 so members could negotiate loans.

GH:

Yeah. Well, that was based on Super. We were also doing mortgages at the time as well.

BW:

And CUTIE was launched as the first telephone banking service in Australia?

GH:

Yeah and that was interesting, because we bought two machines with very American accents. And we had to program them to speak Australian.

BW:

Well, and I noticed that in 1983 the credit union became the biggest in Australia as far as assets and you had 40,000 members. What would be the membership today?

GH:

Our membership today is 100,000

BW:

100,000. Right.

GH:

Or close enough to 100

BW:

In those days in the 1980s, how would someone who's based in in Sydney or Melbourne, how would they go about making a home loan?

GH:

Okay, well yeah, prior, when we weren't doing home loans, we had arrangements with Westpac, with various building societies, where they could do their housing loans through them. And gradually as we started doing mortgages, we started doing them ourselves.

BW:

Okay, and how would they do it? Would they ring up?

GH:

They would ring up and put an application in and initially it was Sydney only then Melbourne. We had a firm of solicitors in Melbourne acting on our behalf.

BW:

Okay, and in the early days, personal loans were made up to?

GH:

Up to \$150,000. Oh no, when we first started, they were \$1,000.

BW:

And just personal loans? And then car loans?

GH:

Bills of sale on cars came later on. And then the unsecured line was about 1979. The government, every time the government, every couple of years, the state government would increase the maximum limit you could do for unsecured lending. And I think it went to \$5000, in about 1980. And then \$10,000. And that's the time we started bringing in car loan bills. And the limit just moved up over the time.

BW:

And when did your job become very computerised?

GH:

Okay, well, mainly it would be in about 1978. When we started getting a computer system I became more involved on the IT side of it. We started off with a paper tape machine we bought. And we used to do the paper tape processing for a number of credit unions around Sydney free of charge. Because we had the paper tape machine, and they would just bring their data to us and we would put it on paper tape and process it for them. And that was Sydney Waterboard Credit Union and Police Credit Union.

BW:

Okay. And before that?

GH:

We had ledger cards. NCR 32s

BW:

And what would the members have had?

GH:

We didn't have passbooks in the very early years. But that was before my time. Within the first 10 years, they had passbooks, then they moved to statements only, and statements and ledger cards.

BW:

And payroll deductions were done straight away?

GH:

We had payroll deductions from Qantas. Qantas would take authority to be paid to us and then we'd do the allocation internally. So much for saving so much to a loan depending on what the member wanted.

BW:

Right. Because that's a big benefit partnering with a big company like Qantas

GH:

Yeah, it was and also we had a bit later on, we got the whole of pays paid to us. That was also an advantage.

BW:

Right. And I was gonna get to this at some stage. Now I noticed that aside from the work with the credit union itself, you were in the NSW Minister of Credit Unions Advisory Committee, the Fincom Advisory Board, the National Credit Union Association, Independent Association of Credit Unions, and all these peak bodies and associations overseeing and advocating and dealing with government as far as regulations and such. How is it that Qantas, and Qantas wasn't the only one, but how is that Qantas went their own route independent of CUSCAL?

GH:

Yeah, that was very simple. And the breakdown with I think the Australian Federation of Credit Union Leagues (AFCUL) and the NSW Credit Union League (NSWCUL), as it was at the time, came over negative budgeting. They issued a directive that we all should be deficit budgeting. And we had

a board of directors who were all accountants, and they would not see a deficit budget ever, and that sort of principle. And the idea was you fund your growth by running a deficit. Right? And they wouldn't wear that and they wouldn't comply with the deficit budgeting. So they got this idea that why should we belong to an organization that's telling us to deficit budget, which is against everything we believe.

BW:

And so, I'm just trying to understand, they instructed you on how you should run your budgets?

GH:

In the early days, you were pretty well mandated on how you had to run. If it was blue lines on Monday, you had to do blue lines. Right. That was in the early days of AFCUL/NSWCUL. Right. Okay, in the 1960s and that was before my time and I'm only going on hearsay with that.

BW:

And when did things change? AFCUL became ABACUS after merging with the building society association and then became COBA. QUDOS is now with COBA. Has QUDOS been with COBA for some time?

GH:

Yeah, QUDOS has been with COBA for a while. Now, if you go back there, you'll see the National Credit Union Association and all the other little associations that came out of Project Renewal from CUSCAL came when they were pushing to make it mandatory that you had to belong to an association. And we didn't want to be in CUSCAL. So we wanted an alternative association, and hence the National Credit Union Association. But one of our biggest problems with CUSCAL was that though they did a lot of good, a lot of good things and especially for a lot of small credit unions. But to join CUSCAL, you had to go into everything. So if you wanted to get into member chequing, you had to be in compulsory marketing, you had to have all your liquidity there. And all those things didn't work for us.

BW:

Okay, well, how is the relationship with COBA? How is it different?

GH:

COBA now is not controlled by CUSCAL. Yeah, they're separate companies and the National Credit Union Association actually folded into COBA.

BW:

Right. Okay, that's easy then

GH:

But it was CUSCAL who wanted to control the trade association which wasn't palatable to us.

BW:

Right. Okay. Do you want to talk a little bit about your work with the associations and Fincom and all those sorts of things?

GH:

Yeah, they were really just industry representative. And it involved a group of I'd say passionate credit union people who believed that we needed to have a voice. And we couldn't rely on CUSCAL to have a voice. So it meant that there was about a handful of people, myself included, who put a lot of hours and a lot of time in to running that. And we were really a three or four man band. We were representing 30 credit unions.

BW:

And what were the best things you did in those groups?

GH:

Well, you know, what we did is we set up Indue as a result of that and we took Indue up to the Queensland Credit Union League, following the Project Renewal thing and said, look, we've got a deal here for you, we can come up with something that's good. And we've set up the principles that any credit union could join, you could come in, if you just wanted to do member chequing, you could do member chequing. If you want a treasurer, you could do treasury. And we provided that opportunity. And the goal was always to be that the business would grow to a stage where it could take on other businesses, and they would subsidise the credit unions. Now, to a degree, it's done that because Indue now has the basics card, and they issue that for the federal government though it might not for much longer. But that was a big revenue source. And that money meant that they were able to offer member chequing Visa cards directly and be all at a lower cost, because the commercial clients were paying a higher cost.

BW:

Okay. I just don't want to leave anything out. So what about Fin com. What did you do exactly there and how?

GH:

Okay. Well, my predecessor, was actually the Chair, the first Chairman of Fin com. No, he was the first Chairman of the Credit Union Savings Reserve Board, which went into Fin Com. And Fin Com was just an advisory committee, where they had representatives on the board, and they would just discuss current matters.

BW:

Did they not have some involvement when the change to the tax exempt status came in?

GH:

That was before Fin Com. That went out with the Credit Union Savings Reserve Board

BW:

Were you involved in discussions with that?

GH:

Yes, we made representations to Canberra as part of the National Credit Union Association saying that we should maintain our tax benefit. We weren't supported by CUSCAL. CUSCAL here said it was just another expense that good corporate citizens have to manage.

BW:

Well, our records show that they were against it and they encouraged credit unions to go to Canberra and campaign against the change

GH:

Yeah, but at the time when it went to the hearings, I was at the hearings, and I was there and we found out the day before the hearings that we had to present. So I was up in Brisbane and we had to come down and make a presentation. CUSCAL to their credit, put a very good presentation together. But at the end of the day when they could see that they we're not going to win, their result was we will be a good corporate citizen and it's just another cost we'd have to manage.

BW:

Okay, and did that make a big difference to credit unions?

GH:

It did make a make a big difference, but you had to adapt and use it and it went into your margins.

BW:

And so how do you feel if someone came into credit unions and mutuals today, how is it going be different from 1975?

GH:

In 1975, when I wrote our loan policy, I actually prefaced it with we will probably lend money to someone that nobody else will. You're not allowed to do that now. Everyone has to comply with minimum lending standards. And I quote one instance I was criticized in a Fin Com inspection for making a loan to a Qantas Storeman and he was just a Storeman in the stores area. The fridge packed up over Christmas, he was married to a Fijian lady, they had eight children and they had no fridge. I lent him \$2,000 to buy a fridge unsecured and he would not have passed any credit assessment. But his wife used to walk in every fortnight and pay money off it because they knew there was no one else who would lend them the money on those terms and they appreciated it. But it was against all good lending criteria.

BW:

And did you have many loans that went to the dogs?

GH:

We had zero bad debts. None

BW:

And what do you put that down to?

GH:

We put that down to the close relationship we had with our members. We would lend them money if they had a valid cause. And so there were plenty of people who wouldn't be able to borrow elsewhere.

BW:

How do you see the future of mutuals and Qudos Bank?

GH:

Well, I think that Qudos Bank has got a good future because it has the assets and it's got a very low cost base. It's got a good asset base and it's growing. I think that mutuals as a whole, I think that people have a lot of trouble understanding what a mutual is. You know, I have on file a very early letter at QUDOS from the then CEO of Qantas, at the time saying he wasn't going to have his company associated with anything that has the word union in their name, right.

BW:

And does that have anything to do with changing the name to QUDOS Bank?

GH:

Well, no QUDOS Bank, Qantas wanted to go their own way with their own financial products, etc., and they've got lots of Qantas credit cards and all this sort of stuff. And they wanted us to change.

BW:

So, how do you feel about the word bank in general? You know mutual banks etc?

GH:

Well, the reason we converted is that we were getting to the stage where people were saying aren't you guys good enough to be banks?

BW:

Right. Okay.

GH:

What's wrong with you, aren't you good enough? And we had stronger assets than a lot of banks around the place.

BW:

How does QUDOS manage to have low costs?

GH:

The secret is that we had low staff numbers. We've used technology, and we just haven't got the big staff infrastructure. And when we had branches, we had branches on a sensible basis. We'd go in and only establish a branch where the membership was there before the event to support it. And the type of branch was designed based on what sort of membership was there.

BW:

Right. So where were the branches located?

GH:

We had branches in Perth, Melbourne, Brisbane, North Sydney, around the airport, we had five branches in the City of Sydney and Melbourne. We had 12 branches all told around Australia.

BW:

Going back before the internet, how would staff contact the bank?

GH:

Yeah, either by telephone or by post. And Qantas had a very good internal mail system, which we were able to use. We had our own address. They also had an international telegraph network, which had a seven letter identifier code, and the credit union had its own card. So people could send Dear Mum send money telexes to us from anywhere in the world.

BW:

And the telephone banking was part of CUTIE?

GH:

It was before CUTIE

BW:

How much was automated and how much was a call centre?

GH:

Well, to start off with, it was all automated CUTIE. It was all digital. We had a set of pay codes about 1000 pay codes. And they could go on with the telephone banking first. This is before CUTIE, a

telephone would ring, they'd push buttons, they'd go pay number 23. And they'd get a cheque sent to the Waterboard or wherever it was. Then with CUTIE, that was balances, they could order cheques, they could have them delivered to the three or four locations, they could pick them up from branches, or we could post them for them. Or we could do bulk payments.

BW:

Just a couple more things. So about 30% of Qantas employees are members of QUDOS and what level does staff make of the total membership today?

GH:

Well, if you include the family members with that, I'd say that, well, it depends. I would say about 50/50. Right. And that's being driven a bit by lending through brokers and the broker membership.

BW:

So that's 50% with no association with Qantas at all?

GH:

I'd say 50% have no association with Qantas or a distant association.

BW:

Sure. Okay. Well, just to sum up, was there anything you'd like to say about credit unions, mutuals in general or your career or anything you'd like to say to sum up?

GH:

No, I just think it's become very different from when I joined. And I don't think all the changes are necessarily good.

BW:

Okay. Well, what would you like to say is not necessarily good?

GH:

Well, the remoteness, the basic lending standard, minimum lending standards, which I think they have their value, they have their need, but there has to be some discretion underneath there as well.

BW:

Okay. And to what degree is that the legal world or the cultural environment?

GH:

Well, the cost of compliance to mutuals has become so high. And that's what's forcing mutuals out of the market and forcing mergers and driving mergers. We were fortunate at the time that changes were made that we were big enough and ugly enough to be able to afford, you know, full time compliance managers. All those sort of things we've been able to put them in, but a lot of smaller credit unions. They can't do it. To a degree and that's what drives the mergers.

BW:

Okay. Oh, do you have a comment on where that might end? What might change that?

GH:

Yeah, you'll run out of, or they'll run out of merger partners. But I think it's still going to keep going. I'm not pessimistic, I think there'll still be mutual banks, but the numbers won't be there. And I think a lot of the smaller banks will disappear. And the branch networks will disappear. And I think the small ones will either be country town or regional based, or they'll still be very tightly industrial.