

Bendigo and Adelaide Bank Limited
Agricultural Competitiveness White Paper
Submission

As a company actively involved in working with communities across rural and regional Australia we feel well positioned for making a brief commentary on the importance of maintaining strong and robust local communities that can in turn support a strong and robust agricultural sector.

To enable economic growth and sustainability, communities themselves need to be sustainable and empowered to actively participate in the maintenance and growth of their local economies.

The link between a vibrant, innovative and competitive agriculture sector and vibrant, innovative and sustainable rural communities is inextricable in our view. This can only be achieved through the retention of essential services, community infrastructure and the development and nurturing of human capital.

Empower communities to become self-sustaining, prosperous and resilient

Robust and self sustaining communities are critical in the development of a prosperous, productive and resilient national economy. However, current government and financial system structures could do more to provide the incentives and support to enable communities to develop the required strategy, capabilities and investments to ensure they are sustainable.

To create self reliance, rather than a dependency on hand-outs, these structures need to move beyond a benefactor-recipient relationship, to a genuine partnership which benefits all stakeholders. This requires a shift in approach from both the traditional “benefactors” (ie government, private sector providers) and the recipients (communities).

The Community Bank® Model

The Bendigo and Adelaide Bank (BEN) **Community Bank®** model is built on the foundation of enabling local communities to retain local capital. It does far more than enhance a community’s access to banking services. It’s about creating an alternative source of income so communities can fund activities or initiatives that make their town a better place to live.

BEN’s Community **Bank®** model was introduced in 1998, based on the bank’s long-held conviction that “Successful customers and a successful community make a successful bank – in that order”.

The Bank works with local communities that self-nominate for a **Community Bank®** branch, helping them to raise capital and secure local commitment. Each branch is managed by a community owned and operated company, and BEN provides the banking license, full range of banking products, depositor protection, staff training and ongoing support.

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Each company also has a Board independent of BEN, with local volunteer Directors responsible for running the Branch and distributing its profits.

Once profitable, the Branch reinvests in the community through shareholders' dividends (capped at 20 per cent) and local community investments. The **Community Bank®** model supports participating communities by providing local financial services, local employment opportunities, local investment opportunities for local shareholders, local capital retention, and local funding for community improvement.

There are currently over 300 **Community Bank®** branches in metropolitan, regional, rural and remote areas across Australia, generating profits that have contributed over \$120m in funding for their local communities.

Scholarship program

BEN is committed to supporting youth through various initiatives, including our annual scholarship program. Each year scholarships are awarded to full-time undergraduates studying at an Australian university or college campus for the first time.

The academic dreams of 89 students became a reality in 2014, thanks to the BEN Scholarship program. In particular, rural and regional students benefited through the awarding of 36 scholarships to support first and second year students.

Providing opportunities for the youth of rural towns to move away to study whilst also increasing the prospects of those same students returning to work in their local community and bringing with them new and innovative ways of doing business underlines our commitment to investing in the human capital required to sustain regional communities.

Growing prosperity

Maintaining existing services and the establishment of new businesses offers individual communities access to specific products or services, employment opportunities, local investment opportunities to capitalise the business and returns to the local operators. Local economic flow-on contribution is naturally maximised when the investment draws on goods and services supplied by the local community. There are also other less tangible but no less critical benefits that are realised.

Recreation and Community Benefit

An example - The Gin Gin **Community Bank®** was established in 2007 to service one of the poorer communities in remote Queensland, which due to a council amalgamation often struggles for local government funding. Tragically the town was impacted by several child drowning deaths in recent years. The community needed a venue to be able to foster water confidence and safety for young children, but the Gin Gin pool complex needed urgent repairs and was not a council priority.

After many negotiations and funding issues, the **Community Bank®** Board succeeded in confirming council and Sports and Recreation investment of \$30,000 to which it added \$48,000 from the Gin Gin **Community Bank®** profits

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Since project completion, attendance to the pool increased from 10-20 per day to 150-190 per day with many families travelling to the area from larger towns such as Bundaberg and Childers. The pool has two full time employees but the increase in attendances has meant that an additional part time employee is needed for busy days. The Learn to Swim program enables young children in the area to develop skills and familiarity with water to assist in preventing local drowning. In a small town with limited services, the Gin Gin pool has been vital for community confidence and remains the lonely low cost activity for families in the area.

Enable multi-service community hubs

We encourage the development of partnerships between government and community for the establishment of multi-service community hubs where many service providers can share infrastructure, thereby leveraging efficiencies and making marginal areas profitable

Combining a number of services, perhaps including banking, in the single facility creates several advantages from a service provider perspective. It defrays the costs of office establishment, maintenance and infrastructure, and provides alternative staff coverage options to offset staffing costs. It also creates a more convenient and compelling value proposition for consumers (as a one-stop shop) and for many providers could enable the maintenance of a local presence that might otherwise be commercially unviable.

Donald Vic Roads agency

An example of this is the Donald and District **Community Bank®** Branch which is now the community's VicRoads Agency and can provide a range of VicRoads services. Rather than see a service lost to the Donald community, the local branch took up the challenge of becoming a Vic Roads Agency, in addition to its growing banking operation.

This is one of many examples seen across our Community Bank network of making use of existing infrastructure to supply government services. This is a more economic solution for both sides of business.

In closing

We believe prosperous rural communities are vital for a competitive agricultural sector and thank the Government for the opportunity to provide feedback on this topic. The Bank would welcome an invitation to meet with the task force and expand on our thoughts on the sustainability of rural communities.

A handwritten signature in black ink, appearing to read "Robert Musgrove".

Robert Musgrove
Executive
Community Engagement
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