

28 January 2022

Hon Michael Sukkar MP  
Assistant Treasurer  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

(Submitted online via [treasury.gov.au](https://treasury.gov.au))

Dear Assistant Treasurer

**Bendigo and Adelaide Bank Pre-Budget submission 2022-23**

Bendigo and Adelaide Bank Limited welcomes the opportunity to provide a submission to the 2022-23 Federal Budget. This submission reflects our priorities for the year ahead and also the daily interactions and conversations we have had with our customers and stakeholders around the country.

Our Bank is committed to feeding into prosperity, not off it. As a shared-value company, we believe business can only flourish when communities are strong, vibrant and growing—and vice versa. As such, this submission incorporates priorities that sit outside the traditional banking and finance profile.

Over the years, our Bank has also made policy contributions to our partners at the Business Council of Australia, the Australian Banking Association and the Regional Australia Institute. Our priorities and those of our partners are strongly aligned.

We are pleased to contribute to the ongoing national conversation about Australia's future during a period of enormous change and opportunity. We welcome any further discussion on the enclosed.

Yours sincerely



Marnie Baker  
**Managing Director**

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### 1. About Bendigo and Adelaide Bank

Bendigo and Adelaide Bank’s vision is to be Australia’s bank of choice, and we believe our success as one of Australia’s biggest banks is driven by our purpose—to feed into the prosperity of our customers and communities, not off it. Our story began more than 160 years ago on the goldfields of Bendigo. Today, our more than 7,000 employees support over 2 million customers around Australia to achieve their financial goals. Our Bank has assets under management of more than \$90 billion and market capitalisation of around \$5 billion.

Our unique and award-winning Community Bank model has seen more than \$272 million in profits returned to local communities right across Australia since 1998. Core to this shared value model is the belief that through partnering with our Bank, hundreds of local communities around Australia are empowered to generate funds that can be used to support the services and infrastructure that best meet their communities’ individual needs and circumstances.

As a regionally headquartered institution, we share a natural affinity with rural and regional communities and see firsthand the role banking plays in supporting communities to be vibrant, healthy, and dynamic places to live and work.

### 2. Summary of our recommendations

1. Reopen Australia’s international border.
2. Increase Australia’s skilled migration program, including a doubling of this program’s regional component to 22,400 places.
3. Encourage diversity in carer responsibilities by allowing either parent to flexibly access the federal government’s Paid Parental Leave Scheme, and incentivise equal sharing of care by providing additional leave for parents who split their leave entitlement equitably.
4. Include superannuation on Paid Parental Leave payments.
5. Work with the early childhood education sector to develop a model that supports workers who do not work traditional business hours (e.g. shift workers and night workers).
6. Address early childhood educator shortages by extending FBT and salary packaging arrangements currently in place for charity workers to early childhood education providers.
7. Sharpen the government’s focus on place-based infrastructure investment, bringing together a greater number of portfolios and levels of government to consider the needs of regional and rural communities holistically.
8. Provide incentives for employers to regionalise sections of their workforce.

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9. Target affordable housing initiatives to fast growing regional centres and work with other levels of government to support a greater supply of housing in regional areas.
10. Hasten FTTP NBN upgrades to facilitate greater telecommuting for workers.
11. Expand the Australian Business Growth Fund mandate to explicitly include regional investment.
12. Provide greater certainty to businesses by developing a national COVID-normal strategy with buy-in from state governments, that outlines the government's vision for what 'living with the virus' looks like.
13. Ensure that SME business support considers the full supply chain.
14. Mirror the NSW Government's SME Summer Stock Guarantee nationally with qualifying rules relaxed to 3 days.
15. Mirror the VIC Government's Commercial Tenancy Relief Scheme nationally.
16. Secure a steady supply of RATs and make them freely available.
17. Work with regulators to make the ability to accept digital signatures permanent.
18. Expand the federal government's Mobile Blackspot Program.
19. Provide incentives for agribusinesses to invest in on-farm tech.
20. Increase departmental funding to facilitate improved access to key markets for Australian agriculture.
21. Resource the CSIRO to provide farm-level climate data to farmers and incentivise climate-mitigating measures that can be implemented on-farm.
22. In partnership with the tertiary sector, fund short courses and micro credentialling to upskill Australians in digital capability.
23. Incentivise universities to offer double degree programs for agriculture students that marry agriculture with transferable knowledge like business management and accounting.
24. Expand PBI tax settings to companies and businesses with a demonstrated social impact.
25. Introduce differential tax rates for companies and businesses with a demonstrated social impact.
26. Refocus government not-for-profit and charity grant programs to building resilience and income diversification in these sectors.
27. Encourage government to partner with Community Banks on the funding of key community infrastructure projects.
28. Leverage private sector capital to solve social issues by publishing the Social Impact Investing Taskforce report.
29. Develop and release a detailed plan to reduce Australia's greenhouse gas emissions to net zero by 2050.
30. Adopt mandatory TCFD reporting for large Australian companies.

### **3. Introduction**

Bendigo and Adelaide Bank champions inclusive economic growth to support the sustainable prosperity and success of our customers, partners and stakeholders. This budget submission reflects our values and what we believe government can do to build a more inclusive, productive and liveable Australia.

Our submission is built around five key themes:

- Growing productivity
- The growing significance of regional Australia
- Supporting small and medium businesses, and agribusiness
- Investing in skills and training
- Building community and securing sustainable and inclusive futures

### **4. Growing productivity**

COVID-19 has challenged the Australian economy like never before. However, with government support, Australia has demonstrated its resilience as its people have navigated the uncertainties and impacts of lockdowns, unemployment and sickness. While this resilience has been welcome, the pandemic has drawn attention to structural weaknesses in the economy and placed strain on the nation's balance sheet.

In addressing these challenges, our Bank would like to see the federal government pursue a growth agenda. It is our belief that addressing

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Australia's fiscal challenges through greater participation and productivity is not only more effective than other measures (such as taxation), but also creates greater opportunity for Australians themselves, providing upward mobility and opportunity, and driving inclusive growth and improved living standards.

COVID-19 has added significantly to government debt and simultaneously applied downward pressure to population growth. Productivity and population growth are key to addressing both. The health of the Australian economy has long been reliant on strong migration into the country and there needs to be a plan for both addressing short term skills and labour shortages, recovering the lost years of migration Australia has experienced.

In addition to migration, the 2021 Intergeneration Report reinforced the productivity and fiscal challenges Australia faces into as its population ages. Population growth and greater workforce participation will become integral to Australian's maintaining their high standard of living. As such, we support measures that encourage more Australians into work, such as affordable and accessible childcare, a sharper focus on pay inequality and stronger industry pathways for students finishing school, university and TAFE.

Structural reform is necessary to equip the economy for the decades ahead. In our view, the federal government must prioritise structural reform ahead of short-term policies. With this must come careful consideration of rising inequality. Australia remains a middling power in terms of income inequality. Government policy must take an equity and opportunity lens to arrest and reduce this.

#### **Recommendations**

1. Reopen Australia's international border.
2. Increase Australia's skilled migration program, including a doubling of this program's regional component to 22,400 places.
3. Encourage diversity in carer responsibilities by allowing either parent to flexibly access the federal government's Paid Parental Leave Scheme, and incentivise equal sharing of care by providing additional leave for parents who split their leave entitlement equitably.
4. Include superannuation on Paid Parental Leave payments.
5. Work with the early childhood education sector to develop a model that supports workers who do not work traditional business hours (e.g. shift workers and night workers).
6. Address early childhood educator shortages by extending FBT and salary packaging arrangements currently in place for charity workers to early childhood education providers.

### **5. The growing significance of regional Australia**

Our Bank has a natural affinity for regional Australia having formed on the Bendigo gold fields over 160 years ago. We continue to be headquartered in regional Australia reflecting our passion for, and belief in the opportunities that regional Australia presents. Many of our people, including our Managing Director, have built meaningful and rewarding careers in regional centres.

For many, the past two years of COVID-19 and its associated work from home directives have demonstrated that living where you love can be a reality. Interest in regional living has grown as has the regional lifestyle. While this has been positive news for many regional communities, we must consider how regional communities can grow sustainably without placing stress on existing infrastructure.

Our Bank has long supported investment in regional Australia. We see regionalisation as the answer to metropolitan congestion, housing affordability, and Australia's transition to a low-carbon future, among other challenges. Regional Australia contributes a third of our national output and is home to more than 9 million people. Before the pandemic, one in three working people worked in a regional area. Without regional Australia's contribution, Australia's economy would contract to the size it was in 1997. In addition to the economic might of Australia's regions, they are also being recognised as a great place to live, work and raise a family. Lower commute times, easy access to schools, healthcare, recreation and vibrant local cultures have all made regional living attractive. For this to continue being the case, regional Australia will require a place-based

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approach to investment. Decentralisation and diversification add to economic resilience, and these will be increasingly challenged in the decades ahead.

Regional Australia will also play a critical role in the transition to a low-carbon future and simultaneously offers enormous opportunity via new industries including green hydrogen, solar and wind energy, and carbon sequestration. Australia has a comparative advantage in its geography and its natural resources to compete on renewable energy. It is also home to a high-tech and productive agricultural industry poised to take on new technologies and diversify incomes. Agriculture is inextricably linked to Australia's national prosperity and to our identity. Increased 'marginal' farming land has demanded quantum leaps in AgTech, and Australian farmers are at the cutting edge of agricultural innovation.

The short-term recovery from the pandemic does appear to be on track, however realising the nation's full potential in a sustainable manner will require better distributed population growth. This will need a focus on investing in the liveability of a number of regional hubs, including access to digital infrastructure and enablers of innovation, resilience and sustainability.

### Recommendations

1. Sharpen the government's focus on place-based infrastructure investment, bringing together a greater number of portfolios and levels of government to consider the needs of regional and rural communities holistically.
2. Provide incentives for employers to regionalise sections of their workforce.
3. Target affordable housing initiatives to fast growing regional centres and work with other levels of government to support a greater supply of housing in regional areas.
4. Hasten FTTP NBN upgrades to facilitate greater telecommuting for workers.
5. Expand the Australian Business Growth Fund mandate to explicitly include regional investment.

## 6. Supporting small and medium businesses, and agribusiness

Running a business in 2022, regardless of size or location, is challenging. The experiences of many small and medium businesses throughout the COVID-19 pandemic have been well documented. However, this focus, while welcome, risks overshadowing the challenges many businesses faced before the impacts of the pandemic became widespread.

Our customers are telling us that running a small or medium business has become increasingly complex, with ongoing challenges like labour and skills shortages, digital connectivity and rising costs all exacerbated by the pandemic. Now more than ever, businesses crave confidence and certainty drawn from a cohesive and national strategy to address growth. Without this, business cannot plan (and invest) for the future. This is especially important as Australia moves to a COVID-normal footing; businesses want to understand what 'living with the virus' looks like day-to-day so they can plan accordingly. For nationally operating businesses, this must include consistency in rules and directives across state and territory borders.

While industry-based support during the pandemic has been welcomed, recent events have shown that without a fully functioning supply chain, such initiatives are not as effective as they otherwise might have been. Post-COVID economic and business recovery initiatives must consider both upstream and downstream relationships to truly position businesses for growth.

Australia's closed international border has impacted small and medium businesses' on both the demand and supply side. International students are an important consumer segment for many of our businesses. Migration also provides businesses with access to both skilled and unskilled labour, and a large pool of seasonal casuals to draw from. Australian businesses need greater certainty around when borders will open and a national plan for recovering the lost migration of the previous two years.

Our business customers are also sharing with us their concerns about the availability of rapid antigen tests (RATs) and Australia's overall

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testing regime. Our customers want to know they can open safely without putting themselves, their staff and their customers at risk. Not only has availability of RATs been an issue, the cost of testing multiple times a week is challenging businesses who have already experienced two or more years of hardship. As Australia transitions to 'COVID normal' and 'living with the virus', thousands of people will require access to a steady stream of affordable and timely testing options. Our business customers are telling us that without the layer of safety RATs provide (to both customers and workers), they will be forced to close.

From a banking perspective, our business customers have welcomed the use of digital signatures during the pandemic and the speed and convenience that came with it. The use of digital signatures has increased the speed of fulfilment, improving business' access to credit when they need it most. This is particularly relevant for customers in regional and remote areas, as well as agribusiness customers. To aid economic recovery, we strongly encourage the government to allow ongoing use of digital signatures.

## 6.1 Agri

In general, Australian agriculture has experienced strong successive years as a result of both favourable seasonal conditions and high commodity prices. Despite this, national efforts to mitigate the impacts of COVID-19 have had negative impacts on sections of the agri sector. For Australian agriculture to achieve its vision of being a \$100 billion industry by 2030, public policy settings must effectively address challenges the sector is facing.

Closed international borders continue to impact sectors that rely on itinerant workers for crop harvest, sorting and packing. Agribusinesses that require skilled labour are also experiencing shortages. While labour and skills shortages have been pronounced during the pandemic, they were present before the pandemic and will continue to pose challenges as COVID-19 becomes endemic. Our Bank fully supports the National Farmers Federation's National Agriculture Workforce Strategy coupled with new, place-based investment in regional Australia that improves infrastructure essential to accommodate (and attract) this workforce, including affordable housing, education and training.

Trade disruptions also continue to challenge Australian agriculture requiring a national strategy for sourcing new markets, strengthening ties with existing markets and investing in value-adding capabilities domestically.

Climate change presents significant threats and opportunities for Australian agriculture. Our Bank believes more can be done to equip farmers with farm level data to empower them to not only mitigate climate change on their properties, but diversify their incomes with new innovations that make production cleaner and more efficient. We believe there is scope for government to invest more in farm level data on climate change, and incentivise farmers to use best mitigating practice.

Tech and infrastructure investment are also vital to a vibrant and fast-growing agricultural sector. With COVID-19 highlighting Australia's reliance on migration, agricultural robotics, mechanisation, on-farm value adding and agribusiness' connection to the internet of things is an important opportunity for investment. Accompanying this is a need to ensure reliable internet and mobile coverage across Australia.

### Recommendations

1. Provide greater certainty to businesses by developing a national COVID-normal strategy with buy-in from state governments, that outlines the government's vision for what 'living with the virus' looks like.
2. Ensure that SME business support considers the full supply chain.
3. Mirror the NSW Government's SME Summer Stock Guarantee nationally with qualifying rules relaxed to 3 days.
4. Mirror the VIC Government's Commercial Tenancy Relief Scheme nationally.

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5. Secure a steady supply of RATs and make them freely available.
6. Work with regulators to make the ability to accept digital signatures permanent.
7. Expand the federal government's Mobile Blackspot Program.
8. Provide incentives for agribusinesses to invest in on-farm tech.
9. Increase departmental funding to facilitate improved access to key markets for Australian agriculture.
10. Resource the CSIRO to provide farm-level climate data to farmers and incentivise climate-mitigating measures that can be implemented on-farm.

## 7. Investing in skills and training

Closed borders during the COVID-19 pandemic revealed vulnerabilities in Australia's skills pipeline. Skilled labour shortages combined with a global economy that is increasingly digitising and incorporating new technologies such as AI, machine learning and blockchain could see Australia being left behind without careful investment and skills planning.

The Prime Minister has set an ambition of Australia becoming a leading digital economy by 2030 and Bendigo and Adelaide Bank supports this endeavour. The Government is providing funding for 50,000 higher education short courses as undergraduate certificates in 2021. Within four-to-six months, Australians can complete an undergraduate or graduate certificate in priority fields including information technology and cyber security. These short courses can be taken standalone or articulate into an undergraduate or master's degree. This program should be expanded and include a focus on digital skills and careers.

In the banking industry, we have seen technology progress rapidly. An overwhelming majority of customers now prefer to do their banking online or via their smart phone. These changes are also being felt beyond banking, with digital communication and access now permeating most aspects of our lives. However, as technology quickly evolves, some sections of the community are at risk of exclusion without measures to close digital literacy gaps and improve access to reliable high-speed internet and 5G. Digital upskilling should not only focus on trade and employment skills, but should be expanded to everyone via micro credentialing that gives ordinary people the digital literacy and skills required to fully participate in the digital economy.

Regional universities are poised to respond to increased demand for regional living. They are also best placed to address regional skill gaps. In agriculture, formal education in the fields of business, accounting, management, and information technology would enhance the productivity of many agribusinesses.

### Recommendations

1. In partnership with the tertiary sector, fund short courses and micro credentialing to upskill Australians in digital capability.
2. Incentivise universities to offer double degree programs for agriculture students that marry agriculture with transferable knowledge like business management and accounting.

## 8. Building community and securing sustainable and inclusive futures

Regional towns are not just desirable because of their enhanced livability, but also because of their 'community feel'. Much is made of the need to invest in regional infrastructure like roads, hospitals, housing and services, but often this does not consider the intangible infrastructure that makes somewhere great to live: community.

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Our Bank has long championed the importance of community. We believe that businesses cannot thrive unless their communities thrive, and vice versa. Our shared value model is one that can be replicated by government and private enterprise alike.

Not-for-profits and charities play a crucial role in enhancing the fabric of community. They provide advocacy, support, education and services often where government does not. However, as ACOSS reports, demand on their services is at unsustainable levels. Many are struggling with how to attract funding for their vital programs, especially as the donation patterns of Australians change. We believe there is an opportunity for government to refocus its grants programs to build not-for-profits' resilience and encourage them to diversify their income. While smaller not-for-profits have access to seed funding, and larger not-for-profits receive financial support (either directly or indirectly through tax treatment), there is a 'missing middle' that requires financial support to consolidate and grow.

Attracting more private sector capital is one strategy that could address social issues and funding issues for not-for-profits alike. Outcome-based funding requires impact measurement and the not-for-profit sectors' familiarity with this is in its infancy. We eagerly await the federal government's report from its social impact investing taskforce. Ahead of the 2022 Social Enterprise World Forum being hosted in Australia, we also fully support the push for a national social enterprise strategy. Such a strategy would bring Australia in line with countries such as the United Kingdom and Canada.

Bendigo and Adelaide Bank is home to the iconic Community Bank model. Since 1998, our Community Bank network has contributed more than \$272 million to the communities in which they operate. In many cases, this funding has attracted further funding in the form of government grants and private investment. In this way, the impact of Community Bank extends beyond the profits they return to their communities. Community Bank exist to share profits and provide essential services to their communities. Despite their obvious social impact, Community Banks receive the same tax treatment as all companies, including those much larger than them. This reduces the amount of money that can be invested back into communities, or used to attract further funding. We believe there is scope for the federal government to examine the tax treatment of all social enterprises, including Community Banks. This might include differential tax rates for companies that can demonstrate a threshold of social impact, or public benevolent institution (PBI) status being extended to social enterprises and companies with a social mandate.

#### **Recommendations**

1. Expand PBI tax settings to companies and businesses with a demonstrated social impact.
2. Introduce differential tax rates for companies and businesses with a demonstrated social impact.
3. Encourage government to partner with Community Banks on the funding of key community infrastructure projects.
4. Refocus government not-for-profit and charity grant programs to building resilience and income diversification in these sectors.
5. Leverage private sector capital to solve social issues by publishing the Social Impact Investing Taskforce report.

Bendigo and Adelaide Bank supports net zero emissions by 2050 with aligned targets. We firmly believe that a concrete commitment on emissions reduction will send the market the messages required to mobilise capital and reorient output and investment. This should be coupled with support for emerging industries and technology, such as green hydrogen, renewables and carbon capture, and decarbonisation. While we welcome the government's commitment to zero emissions by 2050, we believe the lack of a detailed plan to achieve this is contributing to business uncertainty.

Investors are increasingly searching for company performance on environmental, social and governance (ESG) metrics. Contrary to some opinion, this is not being driven by 'woke investing'; companies

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that perform well on ESG metrics generally outperform those that do not. Investors are seeking strong returns on their investments, and ESG performance is an important marker for this. For this reason, our Bank supports wider take up of TCFD (Taskforce on Climate-related Financial Disclosures) reporting and companies sharing their climate impacts with their stakeholders. Mandatory TCFD reporting would bring Australia in line with approximately 40 other countries (including New Zealand).

#### **Recommendations**

1. Develop and release a detailed plan to reduce Australia's greenhouse gas emissions to net zero by 2050.
2. Adopt mandatory TCFD reporting for large Australian companies.