

# Our History



# bcu Origins

bcu was started by a small group of banana growers from the Macksville district who worked tirelessly to create an alternative to the banks for the people of our region. Over the years bcu has grown, but we remain committed to the original ideal of delivering fair go banking to individuals, households, businesses, retirees, young people and community groups across our region.



# Historical Events

1970	<p>The Nambucca Banana Growers' Federation Members Credit Union is formed.</p> <p>The first registered office of Credit Union is the secretary's home, Grays Crossing, Taylor's Arm.</p>
1971	<p>Membership increases to 58.</p> <p>Assets are \$6,809 as at June 30.</p> <p>The Credit Union operates one half day per week from the Macksville BGF Manager's office.</p>
1972	<p>Second AGM decides 'The name of the Credit Union should be Coffs Harbour, Nambucca BGF Members Credit Union'.</p> <p>Services are provided to members from BGF branch in Coffs Harbour.</p>
1974	<p>The first full-time office opens in Park Avenue, Coffs Harbour.</p> <p>An office opens in Dorrigo to service the community one day per week.</p> <p>At the fifth AGM, the following motion is moved and carried unanimously 'The name of the Credit Union shall be Bananacoast Community Credit Union Ltd.'</p>
1976	<p>A building is purchased in Dorrigo and a full-time office is opened.</p> <p>A block of land is purchased in Macksville.</p>
1977	<p>bcu becomes a million-dollar credit union.</p> <p>Assets are \$1,226,499 as at June 30.</p>
1978	<p>The Macksville building is constructed and occupied by both branch service and administration. This marks the end of the bcu's close association with the BGF.</p>
1980	<p>The Coffs Harbour office is transferred to Grafton Street, Coffs Harbour.</p>
1981	<p>The first agency is established at Urunga.</p>
1982	<p>bcu becomes computerised and approaches \$5 million in assets.</p>
1983	<p>Bellingen, Nambucca Heads and Sawtell agencies are established.</p>
1984	<p>A building is purchased in Woolgoolga and a branch opens.</p>
1985	<p>An agency is established in Bowraville.</p> <p>bcu merges with Mid North Coast Credit Union.</p>
1987	<p>The Urunga agency is converted to a branch.</p>

1988	<p>Scotts Head agency opens.</p> <p>The Bellingen agency is converted to a branch.</p> <p>Macksville branch and administration is separated.</p> <p>Credit Union Arcade in Nambucca Heads is purchased and a branch opens.</p> <p>Toormina branch opens for business.</p>
1989	Land is purchased in Bowraville and a building constructed.
1990	A new branch opens in Bellingen.
1991	Northside branch opens.
1993	<p>Macksville branch relocates to Wallace Street, Macksville.</p> <p>Head Office remains in the Cooper Street building.</p> <p>Coramba agency is converted to a branch.</p>
1994	Grafton branch opens.
1995	<p>Coramba branch building is purchased.</p> <p>Five atms are installed in Grafton, Coffs Harbour, Woolgoolga, Bellingen and Toormina.</p>
1996	<p>atms are installed at Nambucca Heads and Macksville.</p> <p>Mr NJ Spear retires as General Manager.</p> <p>Mr Ray Battle is appointed as Chief Executive Officer.</p>
1997	<p>Northside branch relocates to a new building.</p> <p>CueCard is accepted internationally through Cirrus and Maestro networks.</p>
1998	An atm is installed at the Northside branch and a second atm is installed in Coffs Harbour.
1999	<p>Coffs Harbour branch is refurbished.</p> <p>Electronic Teller Cash Dispensers are installed at Coffs Harbour, Toormina and Northside.</p>
2000	<p>Port Macquarie branch opens and atm installed.</p> <p>Grafton branch relocates to Prince Street.</p>
2001	<p>Four additional atms installed: Urunga, Port Macquarie, Coffs Harbour Jetty Shopping Village and Bailey Centre.</p> <p>BPAY and iBank online banking is introduced, bringing bcu in line with major financial institutions.</p>
2002	<p>An atm is installed at the Coffs Harbour Health Campus.</p> <p>Ballina branch opens and an atm is installed.</p> <p>The bcu Board declares a Scrip Dividend is payable to members.</p> <p>Founding members and original Directors gather at the Pub With No Beer, Taylors Arm, to record a history of the formation of the Credit Union.</p>
2003	<p>bcu's Coramba branch building is sold and a lease-back contract instigated.</p> <p>A new branch opens at South Tweed Heads.</p>

2004	<p>Woolgoolga branch celebrates 20 years of service to the community.</p> <p>bcu wins two awards in <i>Money</i> magazine's Best of the Best Awards, Best Transaction Account - Electronic User; and Best Transaction Account - Combination User.</p> <p>bcu's new Toormina branch opens.</p>
2005	<p>The bcu Bill Ussher Agricultural Scholarship is launched.</p> <p>Lismore branch opens.</p> <p>The bcu Board votes to merge with Big River Credit Union.</p> <p>atms are installed at Boambee Central Shopping Centre and at the Coffs Harbour Airport Terminal.</p>
2006	<p>An atm and branch open at Bundall and a branch opens at South Grafton.</p> <p>The Iluka branch upgrade is approved.</p> <p>bcu's Loyalty Rebate Program is launched.</p>
2007	<p>bcu/Titans partnership announced.</p> <p>bcu Classic and Bonus Rewarder Visa credit cards are launched.</p> <p>bcu Remote Membership is launched, bringing benefits to members who live outside the bcu footprint.</p> <p>\$675,000 in fees and charges returned to members in the first 12 months of bcu's loyalty rebate program.</p> <p>Colour screens introduced to atms across the bcu network.</p>
2008	<p>bcu is awarded a CANNEX five-star rating.</p> <p>Security tokens are introduced as an added tier of online banking security.</p> <p>bcu becomes the first Australian financial institution to offer Trustdefender Internet protection software to <i>iBank</i> users.</p> <p>Lyndon Kingston is appointed as Chief Executive.</p> <p>New branches open in Beaudesert and Murwillumbah.</p>
2009	<p>CFO Byron Fuller is appointed to bcu's Executive team.</p> <p>bcu gives \$24,000 to community groups in the first year of the Community Saver Account program.</p> <p>Executive management relocates to West High Street, Coffs Harbour.</p> <p>bcu reaches \$1.0b in assets by November.</p>
2010	<p>bcu celebrates 40 years with a morning tea for bcu founding members.</p> <p>A highly-successful term Deposit campaign 'brings back the banana'.</p>

2010	<p>bcu launches a new logo and brand identity based on its original purpose to provide fair go banking with the tag line - Your region, your money.</p> <p>Bundall branch and Scotts Head agency are closed.</p> <p>bcu Direct (telephone centre) replaced with VOIP Telephone call management system.</p> <p>Mudgeeraba and Pottsville branches open in June.</p> <p>New off-site atms installed at Port Macquarie Settlement City, Ballina Fair Shopping Centre, Robina Town Shopping Centre, Grafton Shoppingworld, Stockland Shopping Centre, Caloundra, Centro Toormina Shopping Centre, Toyworld Wallace Street, Macksville, First Avenue Sawtell.</p> <p>bcu begins a long-term sponsorship of the bcu International Stadium in Coffs Harbour.</p>
2011	<p>In line with the new-look open plan design which is rolled out to several existing sites, branches become 'stores' and Branch Managers become Store Supervisors.</p> <p>bcu upgrades its atm network, opens two new stores and relocates five existing stores in Murwillumbah, Ballina, Grafton, Nambucca and Macksville.</p> <p>Dedicated business banking functionality is introduced in several bcu stores.</p> <p>bcu's business line of credit and transaction savings account are recognised in <i>Money</i> magazine's Best of the Best awards.</p> <p>bcu head office moves to Coffs Harbour to consolidate support functions across the organisation.</p> <p>Tweed Heads South, Northside, Port Macquarie and Beaudesert stores are refurbished.</p> <p>New off-site atms installed at Lismore Shopping Square, Stockland Burleigh Heads Shopping Centre, Tweed City Shopping Centre, Elizabeth St Brisbane, Noosa Civic Centre, Carl J. Foster's Service Station Bellingen, Noosaville Sunshine Plaza, Maroochydore, Currumbin and Port Macquarie Regional Airport.</p> <p>Macksville Store is relocated to the completely renovated 'Credit Union House' on the Pacific Highway (ex head office building).</p> <p>bcu stores at Noosaville, Maroochydore and Noosa Junction open.</p>
2012	<p>bcu announces its sponsorship of the 2013 bcu TRI, an event aimed at bringing competitors and their families to the Coffs Coast.</p> <p>bcu's flagship store opens at Park Beach Plaza, Coffs Harbour offering a new perspective on banking for all bcu members.</p> <p>bcu opens a store in Melbourne St, South Brisbane.</p> <p>Deputy Chairman, Peter Dunstan and long-serving Director and Chairman, Gerry Regan retire. Grant Wallace is appointed Chairman while John Hoey is appointed Deputy Chairman.</p>
2013	<p>bcu launches the 2013 bcu Bill Ussher Enterprise and Innovation Awards &amp; Scholarships.</p> <p>bcu launches its new website, catering specifically to the needs of kids, students, households and businesses.</p>

# Our history



# Historical Perspective

The modern credit union is the result of the evolution and adaptation of model cooperative credit societies formed in Germany over 130 years ago. The pioneers in the genesis of these organisations were: Friederich Raiffeisen (1818-1888), Hermann Schulze-Delitzsch (1808-1883) and Wilhelm Haas (1839-1913).

The farmer's liberation and the beginning of industrialisation of the 19th Century gave people in rural areas of Germany a previously unknown economic mobility and autonomy. Free trade was beginning to gain a foothold and the feudal system was gradually coming to an end. Economic progress began to have its effects, and with it came growing industrialisation, increasing 'monetarisation' and, as a result, increasing competition.

In many quarters, particularly among small and medium-sized enterprises, people were fighting for survival. Artisans and farmers also needed loans to keep going against the pressure of competition, particularly from the new world where countries like the United States began to export large quantities of farm produce to Europe, and local prices dropped dramatically.

Farmers were generally not considered suitable as customers by the established banks and most often became dependent on private moneylenders. Even where small sums were involved, many small enterprises ran the risk of losing their financial independence.

These conditions generated the birth and development of two parallel movements in Germany. Credit unions were developed by Herman Schulze-Delitzsch among the small business proprietors and artisans in urban Germany with the first of his credit unions opening in 1850.

While this was happening in the cities and large towns, another German Frederick Raiffeisen, established the Society for Bread & Grain Supply. He had flour bought with the help of private donations. Bread was baked in a self-built bake-house and distributed on credit to the poorest among the population.

The Bread Society as well as the Aid Society

founded in 1849 at Flammersfeld and the Benevolent Society created in 1854 at Heddesdorf were pre-cooperative societies based on the principle of benevolent assistance.

Raiffeisen quickly realised that they brought no lasting benefit, and that people sank back into their old shiftlessness and dependence on the merchant-usurer. He came to the conclusion that, first, the peasant farmers must learn to help themselves and, secondly, that they could never do so until they were free from debt and able to start afresh with some source of capital that was not conditioned on the principles of usury.

Consequently, in 1864, he transformed the Benevolent Society into the Heddesdorf Thrift and Loan Society. This Society is generally believed to be the first rural-based credit union.

While one credit union group was urban and the other rural each had, as its basis, an almost identical underlying ideology and methodology and they eventually merged into one group. These German movements rapidly crossed international borders.

While small Credit Cooperatives or Mutual Societies have existed in Australia since the middle of the 19th Century, Credit Unions did not appear here until after World War II. Prominent among the early credit cooperatives were the Societies set up by the Antigonish movement. Such Societies were motivated more by a social justice ethic and less commercially oriented than the contemporary Australian Credit Union.

In 1946 a former Member of the Air Force, Kevin Yeats, who had served as a fighter pilot during World War II, returned to Australia with first hand experience of Cooperative Credit organisations operating in Germany, USA and, most particularly, Canada.

It was Yeats who introduced the current Credit Union concept (along Canadian lines), although these first entities were apparently then known as savings and loans cooperatives. The terminology changed to credit union in the 1960s.

Although the terminology credit union is used to label these organisations in Australia, they in fact



have many of the hallmarks of the Raiffeisen and Schulze-Delitzsch Societies of Europe.

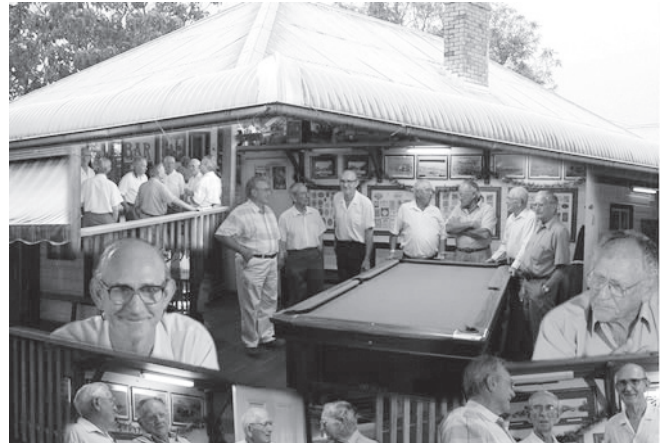
The US credit unions were based almost entirely around industrial workers' groups whereas, in Australia, there is a more diverse spread. Credit unions here are based on rural communities, regional & urban residential communities as well as occupational industries. Urban and rural small businesses are also catered for within the Membership Common Bond of a great number of our credit unions.

This represented an early hurdle for our Credit Union. While the European credit unions lent solely to small business proprietors (farming or city based) the US credit unions lent only for consumer purposes. The Regulators in the Australian States looked to the US and consequently tried to suppress all commercial lending by Australian credit unions. In the context of the industrial boom years that followed World War II, many farmers on small holdings were considered inappropriate risks by the established banks, and frequently became dependent on usurious private moneylenders.

In addition to this, the banana industry has always proven to be an extremely unstable one, with seasonal supplies, fluctuations in demand (and consequently price) making it more volatile than other agricultural pursuits. The uncertainty of the industry made banks even less enthusiastic to provide proper financial support. This reluctance was exacerbated by the fact that land used in banana growing was predominantly leasehold and consequently growers lacked the necessary collateral to offer as security for a bank loan.

In contrast to North America, where savings and loan societies were being set up to cut out the usurers in white goods lending, many people in Europe had been working on a solution to this dilemma confronting the agricultural sector. By the late 1960s this type of organisation had undergone over a century of refinement. This solution eventually became known as the Credit Union Movement in Australia.

Nambucca River identity, Arthur Hanstock had a deep appreciation of the relevance of this Movement to local banana growers' problems, because the earliest credit unions had grown up out of the same necessity as that which faced the banana industry. He enthused others to support an



**Pub With No Beer, Taylors Arm**

historic resolution at the April 9, 1969 meeting of the Taylors Arm branch of the Nambucca District Council of the Banana Growers Federation (BGF), which was held in the Pub With No Beer.

The resolution requested the Nambucca District Council to investigate the possibility of establishing a Credit Union to service BGF members in the Nambucca District Council area. The resolution was seconded by Mr Fred Bond and carried.

When the District Council next met in May, they decided to commence making inquiries into the proposal. Initially, this involved contacting banana growers in the Tweed District Council area, who had commenced a credit union a few years earlier.

Subsequently, the Registrar of Credit Unions was requested to address a meeting of interested growers.

The local members of the BGF then focused on the credit union concept as a means of providing some underlying financial stability for their members. They contacted the New South Wales Credit Union League, and the preliminary feasibility study commenced.



Earliest image of the bcu Board of Directors

## From humble beginnings...

On September 18, 1970 the formation meeting for the Nambucca BGF Members Credit Union Ltd. was held in the CWA rooms, Macksville. More than 50 BGF members attended the 8pm meeting chaired by Mr H M (Bill) Ussher.

After a short address by Mr R Swanson, the Chairman of the NSW Credit Union League, the formation statement was read and adopted on the motion of S Perks and W Wright.

A motion by W Wright and seconded by C Goodwin to form the Nambucca BGF Members Credit Union Ltd was then carried unanimously by the meeting.

The board of seven credit union Directors elected that night were:

- Hugh (Bill) M Ussher
- Frederick G Hughes
- Norman E Kelsey
- Malcolm E McPhail
- Arthur Hanstock
- Stephen L McCudden and
- Harold D White

The meeting authorised an immediate application being made to the Registrar of Credit Unions for a borrowing capacity of \$15,000 for the new entity.

Following registration, the first meeting of the Board was held on the November 9, 1970. At this meeting, policy decisions on the governance and operations of the Credit Union were made.

Mr H M Ussher was elected Chairman and Mr F G Hughes was elected Vice-Chairman. Having regard for Mr N J (Neville) Spear's employment

record and reputation as a director of the BGF, he was appointed as Secretary-Treasurer. These three positions were selected by the Board to constitute an Executive Committee, which was authorised to act on any routine or emergency situation that might arise between board meetings where it was not practical to arrange a meeting of the Board.

The Credit Union joined the NSW Credit Union League, and entered into an equitable mortgage with it to access additional funds. The Board also authorised the opening of the Credit Union's first bank account with the Macksville branch of ANZ.

Interest rates were set for members savings - those rates (to be calculated on the minimum monthly balance) were to be budget deposits 4%, and general deposits 5%.

Interest on loans was to be charged at 1% per month on the unpaid balance of the loan. The Board directed that this was to be the only charge made to borrowing members, with the Credit Union standing all other expenses (except mortgage costs) with regard to security. The limit on unsecured loans was set at \$400. Because the banana industry on the North Coast was so tightly knit, trust and reputation were the main criteria for assessing a person's credit worthiness.

Mr A Culhane was appointed as first solicitor for the Credit Union and Mr J Davidson was appointed as its first auditor.

One week later on November 16, 1970, the first operational meeting took place, with Norm Kelsey being added to the Executive Committee. A Credit

Committee consisting of Bill Ussher, Norm Kelsey and Arthur Hanstock was also formed, and two loans of \$400 each were approved.

These loans (like all the early loans made by the credit union) were to be repaid at a rate of 20 cents per case of bananas sold at market.

The BGF acted as agent for the growers, and

## loans were to be repaid at a rate of 20 cents per case of bananas sold at market.

members could assign away the right to certain moneys collected on their behalf, which were then credited to the account of the particular member.

Members could save in the same way, with the BGF deducting a specific amount from the proceeds of each case of bananas, and paying it to their bcu account. It didn't take long for other banana merchants to fall in line and offer the same facility, because growers were increasingly favouring the BGF with their fruit consignments to gain the benefit.

In providing this service, bcu was flying in the face of a gale of protest from both its Association, and the regulators of the day.

These were questioning the legal and practical appropriateness of making business loans. There was a vexed question of the Credit Union's legal right to make loans to Banana Growers for their business activities (as opposed to making consumer loans to them for a car or holiday - as per the North American model). The Credit Union pressed home its right to provide business finance, making loans to members as it thought fit, and thus became a pioneer in commercial lending by Credit Unions in Australia.

While the Secretary-Treasurer handled the bulk of the Credit Union's business, each Director would act as a volunteer worker for the Credit Union and deal with membership applications as

well as accepting deposits and loan repayments. For instance, members would request the representative Director for the area to call at their homes in the evening. The Director would then ensure that any funds handed over were deposited to the credit of the respective members' bcu account.

The first registered office of the Credit Union was the Secretary's home at Grays Crossing, Taylors Arm.



# The Foundations

## From 1970

The Credit Union had a membership of 28 on December 31, 1970. On this, a levy of \$23.80 (28 x \$0.85) was paid to the New South Wales Credit Union League.

In March 1971 it was necessary to draw on the League's loan facility, and Chairman Bill Ussher and Director Norm Kelsey attended the half-yearly meeting of the League.

By June 30, 1971 the Credit Union had made 18 loans totalling \$6,685.00, and most of the initial loans had almost been repaid. Savings had averaged \$1000 per month, and membership had grown to 58. Assets stood at \$6,809.00, and the Credit Union posted a net loss of \$47 for the eight months it had existed.

The first Annual General Meeting of Members was held at the Macksville Ex-servicemen's Club on August 30 1971. Addressing the meeting, Mr J Coyne (Senior Vice President of the NSW Credit Union League) promoted the virtues and services of the League, while admonishing those present that the apparent potential membership of 200 would not be enough.

New Directors Mr Fred Bond and Mr A J Russell were elected to the Board in place of retiring directors Mr A Hanstock and Mr F G Hughes, who were acclaimed a vote of thanks by those present. Bill Ussher was re-elected for a further term as Chairman.

The First Balance Sheet was as follows:

## Assets

Assets	\$
League shares	10.00
Loans to members	5701.00
Cash on hand	20.00
Cash at bank	1026.00
Appropriation account - accumulated deficit	52.00

<b>Total</b>	<b>6809.00</b>
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## Liabilities

Liabilities	\$
Member shares	580.00
Statutory reserve	5.00
Member savings	5574.00
Borrowings - league central	600.00
Accruals	50.00
<b>Total</b>	<b>6809.00</b>

The unsecured loan limit was raised to \$500 per member and interest rates were increased to 5% for budget deposits and 6% for general deposits.

In September 1971 the management of BGF gave permission for the Credit Union to occupy the Macksville office of Mr Frank Matthews, their manager, for half a day per week. Friday afternoon was chosen and Mrs Beatrice Spear (wife of the Secretary) looked after this service, working as an unpaid volunteer. Soon it became a full day every Friday, with Mrs Spear travelling to and from Macksville on the school bus. Without this early support by the BGF, its employees and other volunteers, our Credit Union would not have flourished.

At the October board meeting, a Credit Committee consisting of H M Ussher, N E Kelsey and A J Russell were elected. Mr L L Kesterton was appointed the Credit Union auditor for the 1971-72 year.

By December 1971, the Board was confident to increase the loan limit to \$750, while reserving the right to provide up to \$2000 if secured.

Through its affiliation with the Credit Union League of NSW, the Credit Union was able to subscribe to a Savings Protection Fund, which was designed to guarantee the security of members' savings. The cost of joining this fund was \$61.54 at the end of December.



A Central Banking mechanism was also available which could make surplus funds of the League's member Credit Unions available to other member Credit Unions that were seeking additional funds to lend to their members. The Credit Union was to derive a lot of benefit from both of these facilities. At this time, the League's six-monthly affiliation fee for our Credit Union was \$80.

For the 12 months to June 30, 1972 the Credit Union made loans to the value of \$29,915, and made a profit of \$33.73. Membership stood at 108, assets at \$27,557.54, and outstanding loans \$27,351.30, with savings increasing by 29% to \$21,842.

The next few months saw the Board making some of the most important decisions to affect the future expansion of the Credit Union. In July they decided to approach the Coffs Harbour District Council of the BGF with a view to extending the services of the Credit Union to their members. By August they had replied to pressure of externally mounting interest rates by setting the rate for a 12 month fixed term deposit at 6.5%, and had given consideration to a number of other recommendations to put forward for the approval of the members.

One of the recommendations was for the Credit Union's bond to be extended to include BGF shareholders within the Coffs Harbour and Nambucca District Council areas. Consequent to this being approved by the Second Annual General Meeting, the Board would be expanded to 10 directors, with five to retire at the third Annual General Meeting, and a board representation maintained consisting of five Directors being elected from each of the District Council areas.

With our perspective of hindsight, their approval of the purchase of an adding machine seems mundane compared to this important strategic move, but it brings into close relief the shoestring nature of the infrastructure that these early volunteers were coping with.

At the second Annual General Meeting, Mr Stephen Birt reported to the members on the benefits of the NSW Credit Union League's Fidelity Bond Insurance and the Savings Protection Fund. Mr Birt also emphasised that the Credit Union books must be externally audited.

Arthur J Kerr of Coffs Harbour was appointed as the Credit Union's auditor.

Also at that meeting, a new director, Mr R A (Ron) Stone, was elected to the vacancy created on the Board by the resignation of Malcolm McPhail, who was acclaimed a vote of thanks by those present.

In addition, it was resolved that the name of the Credit Union would be the Coffs Harbour, Nambucca BGF Members Credit Union Ltd. Previous to the name change, the Credit Union served the residents of the Shires of Bellingen, Nambucca and the Parish of Yarrahapinni. The name change added the Shire of Coffs Harbour.

A meeting of interested parties was held the following night. Mr E N Robinson immediately became the face of the Credit Union for members visiting the BGF in Coffs Harbour, and BGF employees, Mrs Margaret R Hughes and Mr Neroli R Wallace attended to the office work involved.

The first meeting of the expanded Board of the Credit Union was held on November 14, 1972, with Mr E N Robinson, Mr H C Ward and Mr B E King being elected to represent the Coffs Harbour area.

The Coffs Harbour Credit Committee of E N Robinson, B E King and H C Ward was elected, and the purchase of a Credit Union Lightning Loan Computer (Ready Reckoner) for their use was authorised at this meeting. This and subsequent board meetings were held in Urunga, because it was considered more central for Directors' travel than the previous Macksville venue.

The new director, Mr Ron Stone, regularly brought deposits from the Bellingen/Urunga area to the Macksville office each Friday to be deposited to members' accounts.

As well as requesting Ron to call at their homes, members would often call at his home, or flag him down as he drove by to give him funds to be deposited to their accounts. No doubt most of the other directors also found their private lives disrupted in this way, such was their sacrifice to the success of the Credit Union.

In December 1972, Mr J Kaywood was nominated as the Credit Union's solicitor. The Cooperative Dairy Society was approached regarding payroll deductions as a further extension of service to members.

By the end of the month, an affiliation fee of \$173 was due to the New South Wales

Credit Union League, and \$280.59 was paid into the Savings Protection Fund, bringing the Credit Union's total contribution to \$343.83. An initial contribution of \$121.70 was also made to the League's Development Fund. All these contributions were set to grow exponentially over the next two decades from hundreds of dollars to hundreds of thousands of dollars.

Consequent to further negotiations, the Cooperative Dairy Society (CDS) Credit Committee was appointed at the board meeting on February 12, 1973. This comprised of R A Stone (Chairman), F J Wiley and R R Pearce.

A special half yearly meeting was held on February 19, in the Cavanbah Hall, Coffs Harbour to effect some minor rule changes required to meet the conditions of the Credit Union Act. The Board took this opportunity to have Mr B Calverley, a Director and past President of the Credit Union League, address the meeting. An expert on the Credit Union Movement, Mr Calverley's address sought to strengthen the knowledge and resolve of the members of the Credit Union.

## His commitment, dedication and unselfishness epitomises the spirit of the Credit Union Movement

To increase service to Members, F A Matthews, M R Hughes and B F Spear were authorised as signatories to the Credit Union's bank account, and a \$70 Royal typewriter was purchased.

Around this time in 1973, one of the great motivating forces for the foundation of the Credit Union, Mr Arthur Hanstock, died. Mr Hanstock had been very ill for a long time, both while striving to bring the Credit Union into existence, and later when he accepted a Directorship at its foundation meeting. Even though he knew he would not derive any benefit directly for himself from the Credit Union, he worked assiduously and unselfishly to ensure it would bring benefits to future generations.

Quoting Bill Ussher, the Chairman at that time, 'His commitment, dedication and unselfishness epitomises the spirit of the Credit Union Movement.' No doubt the same could be rightly said of each person who has served as a Director of the Credit Union throughout its history.

After paying tribute to Arthur Hanstock, at their May 1973 meeting, the board members pressed on with business, setting a loan limit of \$2000, with applications exceeding this amount to be referred to the Board.

For the 12 months to June 30, 1973 the Credit Union made loans to the value of \$96,910, and a profit of \$185. Membership stood at 257, assets at \$109,238, and outstanding loans \$102,518.

The Annual General Meeting on September 17 was preceded by a dinner provided at a nominal cost of \$1 per person. Bill Ussher, the Chairman, was able to report that the amalgamation of the Coffs Harbour District Council area into the one Credit Union was working very well, and consequently membership had increased by 138%, while savings had increased by 383% and loans by 275%. The Chairman also announced that the Credit Union planned to set up permanent offices in Coffs Harbour and Macksville.

Guest Speaker at the meeting was Mr Noel Robinson, Manager of the Tweed BGF Members Credit Union Ltd, who congratulated the Credit Union on its growth, and encouraged members to increase their savings.

New directors Mr A B Nelson and Mr W H Appleby were elected to the Board in place of retiring directors Mr S L McCudden and Mr A J Russell, who were acclaimed a vote of thanks by those present. This was emphasised by a letter of appreciation from the Board at the following board meeting.

Mr Neville Spear was appointed the Credit Union's first Manager at that meeting, and the following Credit Committees were designated in addition to the CDS Credit Committee:

Midco Credit Committee:  
A J Russell, S H Hughes and B D Hardy

Nambucca Credit Committee:  
H M Ussher, N E Kelsey, F D Bond, H D White and R A Stone

Coffs Harbour Credit Committee:  
E N Robinson, B E King, H C Ward, A B Nelson and

WH Appleby. Interest rates were increased to 7% for \$1,000 term deposits over 6 months, and the newly appointed Credit Committee of E N Robinson and N J Spear were authorised to lend up to \$500 to approved BGF customers. The following month, this authority was quadrupled to \$2,000 for all credit committees.

Mr Peter Wardman became the Credit Union's corporate Solicitor in 1973, a position he held until 2004.

Business through the Coffs Harbour office of the BGF was expanding quickly, with another BGF employee, Jack Rudd, calling on shareholders and promoting the benefits of Credit Union membership.

1974 saw increased pressure on interest rates, with a number of upward revisions in term deposit rates, and an increase in the loan rate to 1.2% reducible monthly.

In April Mr K J Scolari was appointed to the Cooperative Dairy Society Credit Committee.

For the 12 months to June 30 1974 the Credit Union made 203 loans to the value of \$201,915, and made a profit of \$1140. Membership stood at 438, assets at \$218,096, and outstanding loans \$213,163.

The loan limit was increased to \$4,000 at the start of the new financial year, and an F1500 Burroughs Accounting Machine was purchased from the Tweed BGF Members Credit Union for \$664.32.

On September 1, 1974, the first full-time office was opened in the BGF branch, Cooper Street, Macksville with Neville Spear as Manager, and the registered office was transferred to that address. Mrs Eileen Gaddes was employed part time in the office from October, and given authority to sign cheques from the following month.

The Annual General Meeting on September 23, 1974 was preceded by a dinner costing \$3.50 a head, but provided to members at the nominal cost of \$1.50. Mr B Calverley, from the Credit Union League, spoke to the meeting about the history of the Credit Union Movement, and the services provided by the League.

At their annual meeting, the Board re-elected all previous officers to their respective positions and committees, with the exception of the Midco Credit Committee, which was reduced to A J

Russell and S H Hughes.

The Mid-North Coast Credit Union, a local competitor, was experiencing difficulties about this time, but having a full-time Manager had the opposite effect on our fledgling Credit Union, stimulating a spurt of growth. This increased workload triggered the need to purchase a \$275 Sharp Compet 626 Calculator in February, and an electric typewriter in May.

Being a BGF Members' Credit Union, it was necessary for one to become a shareholder of the BGF Cooperative before one could join. This created problems for the BGF. People were joining BGF so they could become members of the Credit Union, while having no intention of doing any business with BGF.

At their May meeting, the Board decided to investigate a suggestion from the State Registrar for Cooperatives, Mr David Horton, that the bond and name of the Credit Union be changed to relieve the BGF of this unnecessary burden. They also discussed a report on a meeting with Mid-North Coast Credit Union.

Months earlier, in an attempt to put a ceiling on consumer loan interest rates, the NSW State Government had introduced a loan tax of 1.5% where the interest rates were 14% and over, on loans \$500 and over. Our Credit Union was able to avoid this impost until May, when interest on loans was increased to 1.3% monthly reducible.

In June, a Credit Committee consisting of Clayton Beatty, Frank Tatton and Jenny Archbold were elected to scrutinise loan applications made by employees at Allen Taylor's Sawmill, Dorrigo.

Amalgamation with the troubled Mid-North Coast Credit Union was considered not possible at this time, and the Board decided to make further investigations into new accommodation for the Coffs Harbour office. They also decided to recommend to members that the bond be extended to residents of the current bond area, and that the name be changed to Bananacoast Community Credit Union Ltd.

For the 12 months to June 30, 1975 the Credit Union made 376 loans to the value of \$454,449, and made a loss of \$3198. Membership stood at 814, assets at \$533,005, and outstanding loans \$481,073.

In July a full-time office was opened in

Fitzroy Chambers Park Avenue, Coffs Harbour, managed by Mrs M R Hughes. In the same month, after many requests from our members in Dorrigo, an office was established in Cudgery Street. It opened between 10am and 5pm each Friday.

At the Fifth Annual General Meeting, held on September 15, 1975, the bond was extended by replacing 'BGF members' with 'residents', and the following motion was carried unanimously: 'The name of the Credit Union shall be Bananacoast Community Credit Union Ltd.' The name was duly registered in November 1975 and the Credit Union as it is known today came into being. (The charge to members for the annual dinner was \$2.)

This was also the year when the Board joined with the boards of Macleay Mutual, Hastings Rural and the Kempsey Postal Credit Unions to form the Mid North Coast Credit Union Chapter, to work cooperatively together and exchange experiences and knowledge.

At their September meeting, the Board approved the purchase of an L613 Accounting Machine to a maximum cost of \$10,500.

Mrs Janice Beatty was appointed in April 1976 to manage the Dorrigo office when it became the third full-time office after Macksville and Coffs Harbour. Later in the year, the Board decided to purchase a block of land in Macksville, and a building in Dorrigo.

For the 12 months to June 30, 1976 the Credit Union made 586 loans to the value of \$750,395, and made a profit of \$6,698. Membership stood at 1268, assets at \$933,800, and outstanding loans \$853,379.

At their July meeting, the Board elected Mr J R Pullen as a director to fill the vacancy created by resignation of Mr E N Robinson, who was voted a letter of appreciation. John Raymond Pullen and Delma Joan Borrell were authorised to sign cheques.

The guest speaker at the 6th Annual General Meeting was Dr A O'Gower, a marine biologist who ensured the gathering was well advised on sharks. (The charge to members for the annual dinner remained at \$2.)

Mr H M Ussher was acclaimed for his six years service as Chairman of the Credit Union when he retired at the Directors' annual meeting in October, and Mr B E King was elected to fill the

position. Bill modestly referred to the exponential growth of the 'little' organisation he had been leading as 'daunting', and with its assets now almost at a million dollars, he felt that the duties of the Chairman might be more than he could handle at the moment.

Others would say that Bill Ussher displayed great courage and determination in accepting the position as inaugural Chairman. At the time, it was not known how the community would react to a local cooperative financial institution being established and directed by people involved in the banana industry.

(It is worth noting however, that the residents of the Nambucca District Council area were well informed about cooperative organisations. In the early days of settlement, dairying became the main industry, and producers established cooperatives to process and dispose of their products.

During the 1930s, the banana industry began to expand in New South Wales. Banana growers united to form a cooperative to handle the transport and disposal of their produce to city markets throughout Australia.

The cooperative also established branches to supply the needs of the growers. In the early 1940s, Nambucca valley beef producers formed a cooperative to process and dispose of their products. The local residents supported the venture, and a meatworks was established in the valley. With this background of cooperation, it is understandable why the Credit Union has succeeded, despite any instigator's reservations.)

At their annual meeting, the Board re-elected all previous officers to their respective positions and committees; with the exception of the Midco Credit Committee, which was expanded to A J Russell, J F Ulrick and L R Shephard; and the Coffs Harbour Credit Committee, where J R Pullen replaced E N Robinson, who had retired.

With assets nearing the million-dollar mark, the need for alternate office space in Coffs Harbour became pressing, and was raised at the September board meeting.

By February a lease for a shop-front position on the corner of Park Avenue and Grafton Street had been agreed upon. Separate proposals to acquire independent accommodation in Macksville,



and to expand into Dorrigo were investigated in November. As a result, land and buildings in Cudgery Street, Dorrigo and a piece of land on the corner of Cooper and Winifred Streets, Macksville were later purchased.

When the Board met in May, they elected a sub-committee comprising Bruce King, Bill Ussher and Fred Bond to compile plans for the proposed new building in Macksville. Council's approval for the development plan was received before the September board meeting.

For the 12 months to June 30, 1977 the Credit Union made loans to the value of \$872,094, and a profit of \$15,788. Membership stood at 1616, assets at \$1,226,499, and outstanding loans \$1,131,724.

At the 7th Annual Meeting of the Credit Union, Mr B E Pilgrim was elected to the Board in place of retiring director Mr W H Appleby, who was afforded

## The Macksville building was occupied on August 7, and was officially opened by Mr S D Einfield two days later.

a vote of appreciation for his four years of service on the Board.

The meeting also paid high tribute to the efforts of the foundation Chairman, Mr Bill Ussher, in building a solid foundation for future growth of the Credit Union, which was fast becoming an institution that would have a big influence in the region in which it operated.

With the exception of the Coffs Harbour Credit Committee, where B E Pilgrim replaced W H Appleby who had retired, the Board re-elected all previous officers to their respective positions and committees.

When Director H D White tendered his resignation at the December board meeting, past Chairman Bill Ussher spoke very highly of his services to the Credit Union since its inception. Mr F C Tatton was nominated to fill the vacancy created by

this resignation.

Tenders for the erection of the Macksville building were tabled in February 1978, and the \$143,496 contract for its erection was endorsed the following month. Also at their March meeting, the Board decided to increase the limit on loans not secured by mortgage to \$6,000.

With membership approaching 2000 in May, the purchase of a Mita Copystar 500-D dry copier at a cost of \$1,500 was deemed essential, and the limit for mortgage secured loans was increased from \$8,000 to \$15,000.

The following month, the Board made plans for the official opening of the Macksville building. With consultants' fees, the overall cost was \$198,607.82, but the builder's price came in \$4,731.50 under his tender. The leases for the three additional tenants of the building (Department of Agriculture, Andrew B. Boyton, and Abernethy, Finlayson & Co.) were also endorsed at this time.

For the 12 months to June 30, 1978 the Credit Union made loans to the value of \$1,142,067, and a profit of \$24,498. Membership stood at 2030, assets at \$1,831,021, and outstanding loans \$1,521,205.

Mrs Janice Beatty, who had commenced work with the Credit Union in 1976, resigned in July, and her position as the manager of the Dorrigo office was filled by Mrs Jenny Archbold, who had served on the Allen Taylor's Mill, Dorrigo Credit Committee for three years.

The Macksville building was occupied on August 7, and was officially opened by Mr S D Einfield (Minister for Consumer Affairs and Minister for Cooperative Societies) two days later. Also present at the opening were Mr J H Brown MP (the Member for Raleigh), representatives of the Credit Union League and neighbouring credit unions. The Credit Union was now recognised as a major economic force in the community.

Moving into the Macksville building completed the foundation years of the Credit Union and marked the end of its close association with the BGF. The assistance given to this Credit Union in its formative years by the BGF Cooperative, and at no cost, contributed in no small way to its success.

At the 8th Annual General Meeting, the Chairman

(Bruce King) reminded members of the cooperation involved during this historic year. He praised the dedication of time and talents freely given by the Credit Union Directors, BGF Managers and others. Once again the dinner was made available to members for \$2, but the cost to the Credit Union had grown to \$5.

At their annual meeting, the Board re-elected all previous officers to their respective positions and committees, with the exception of the following:

Coffs Harbour Credit Committee: B E King, J R Pullen, B E Pilgrim, A B Nelson, B A Addison and S N S Grewal

Nambucca Credit Committee: H M Ussher, N E Kelsey, F D Bond, F C Tatton and R A Stone.

Dorrigo Credit Committee: H Hickey, F Tatton and J Archbold.

A letter of appreciation was voted to Clayton Beatty for the work he had performed on behalf of the Credit Union.

At the close of 1978 League affiliation fees were \$1,617 (2156 Members @ \$0.75). Interest payable on loans \$10,000 and over had been lowered to 1.3% per month reducible, with on call savings paying 6% p.a. on minimum monthly balances. Fixed term deposits yielded 9% p.a. for \$1,000 or more invested over 6 months, and 10% p.a. for \$1,000 or more invested over 12 months. From June 1979 the minimum term deposit for 6 months was reduced to \$500.

In May 1979, the Credit Union reinforced its commitment to supporting community organisations. A prize of \$100 was donated to the Nambucca River District Agricultural Association to be presented to the most successful exhibitor on the Hoof at the Beef Hoof and Hook competition. July saw a donation of \$100 go to the Hunter Valley Steam Railway and Museum.

At the Coffs Harbour & District Hospital, the additional service of a cheque cashing agency was provided for members each payday.

For the 12 months to 30th June 1979 the Credit Union made loans to the value of \$1,606,787, and a profit of \$32,514. Membership stood at 2541, assets at \$2,600,907, outstanding loans \$2,148,541, and savings were at \$2,332,491.

At the Ninth Annual General Meeting, Mr Reg Elliott

gave a very interesting address on Credit Unions and the functions of the NSW Credit Union League.

Mr K B Palmer was appointed as Manager of the Coffs Harbour District area. Ken proved to be a most ardent supporter of the Credit Union philosophy, and served the organisation enthusiastically for two decades.

On January 16, the Coffs Harbour office was transferred to 69 Grafton Street, Coffs Harbour as the lease had run out on the premises in Park Avenue. A budget of \$1,400 was appropriated for an advertising program and the official opening, which was conducted by the Member for Clarence, Mr Matt Singleton, on April 18 1980.

The Credit Union continued with its program of community support with donations to a variety of worthwhile causes, including the Macksville Technical College, and the Hoof and Carcass competition in Dorrigo. The previous year's donation to the Beef Hoof and Hook competition was doubled, and the Credit Union also sponsored a guest entrant in the Nambucca Hibiscusland Festival.

# The 1980s

Fruitless negotiations about amalgamation with the Mid North Coast Credit Union heralded this decade, and this competitor was to provide a source of concern for some years to come.

Promotional activities for our Credit Union began to escalate to include radio advertising, as well as an increased budget for signage and leaflets. Community support continued with increased donations to the Hoof and Hook competition, Disabled Children, the Red Shield Appeal, the Bananacoast Tourist Association, and the Hunter Valley Steam Railway and Museum.

The interest rates set at the start of the financial year for term deposits had needed constant revision, and by May 11% was being paid on Notice Of Withdrawal accounts with a minimum balance of \$200.

For the 12 months to June 30, 1981 the Credit Union made loans to the value of \$2,560,627,

## The advertising budget for 1981-1982 was set at \$9,500

and a profit of \$37,137. Membership stood at 3864, assets at \$4,308,388, and outstanding loans \$3,622,071.

The advertising budget for 1981-1982 was set at \$9,500, of which \$5,500 was due under contract to radio 2MC. Allocation of the remainder was left to the discretion of Management.

The most effective way to overcome a possible lack of available cash in the Coffs Harbour office was to invest \$50,000 with the National Bank. The interest rate payable on the deposit at the time was 13.75%.

In an effort to lessen the overhead costs of computerisation, negotiations took place in August with two credit unions whose bond areas adjoined that of Bananacoast Credit Union (Macleay and Hastings) with a view to developing a shared system. These negotiations failed.

When retiring directors Brian Pilgrim and Arthur Nelson did not seek re-election at the 11th Annual General Meeting on September 28, 1981, the Chairman, Bruce King thanked them earnestly for their contributions to the progress of the Credit Union. Mr J R Robinson and Mr M Scarr were elected to the vacancies on the Board.

The guest speaker at the dinner was Mr W Howe, Chairman of the Credit Union Association of NSW and Chairman of the Australian League of Credit Unions. (The charge to Members for the Annual Dinner was \$4.)

In a wider context, the Credit Union Movement was facing great change with the Campbell Report deregulating much of the financial industry and making competition for deposits much fiercer.

After renovations to both the ground floor and the flat upstairs, the Dorrigo office began operations on a full-time basis from October 1, 1981.

In November 1981 the first agency was established at Urunga in Roy Peake's Real Estate Agency. The Credit Union's Credit Control Manager, Ken Butler, attended the agency each Friday to give investment advice and take loan applications.

The Credit Union became fully computerised on April 1, 1982, thus allowing it to extend its range of services. New services like bill-paying, periodic payments and insurance became a permanent feature of the Credit Union's product range. At this time it was approaching \$5 million in assets and a \$200 term deposit for three months attracted an interest of 14% per annum.

For the 12 months to June 30, 1982 the Credit Union made a profit of \$67,538. Membership stood at 4551, assets at \$6,435,016, and outstanding loans \$5,275,890.

At the 12th Annual General Meeting on September 27, 1982, Mr R H Palmer was elected to the Board in place of Mr J R Pullen. (The charge to members for the annual dinner was \$5.)

As a consequence of the Board setting a long-term objective of being unencumbered by rent, contracts were exchanged on October 7, 1982 for the purchase of premises at 6 Park Avenue,

Coffs Harbour. The branch was eventually moved to that address in July 1984, after an arrangement being made with the remaining tenant to vacate earlier in that year.

At the January 1983 board meeting, the decision was made to make Redicards available to approved members. Citing personal reasons, Mr R A Stone had tendered a letter of resignation, which the Board accepted with much regret. A formal letter was compiled to thank him for his 10 years of service to the Credit Union, and in particular the valuable service he had given to the members in the Bellinger Valley. Subsequent to receiving the letter, and before the board meeting of March 14, Mr Stone's personal reasons had been resolved, and he was invited to re-join the Board. His new appointment took effect from April 11, 1983.

Three more agencies were opened during 1983 - Bellingen and Nambucca Heads in May, and Sawtell in July. Gordon and Betty Weick operated the agency at the Bellinger Property Agency office. Mr John Bradley and Mr Bill Ussher operated the Nambucca Heads agency at Bradley's Real Estate Office. The agency in Sawtell was operated by Ted Samuel's Real Estate.

For the 12 months to June 30, 1983 the Credit Union made a profit of \$70,794. Membership stood at 6072, assets at \$8,325,567, and outstanding loans \$6,647,953.

At the 13th Annual General Meeting, held on September 19, 1983, Mr H G De Satge was elected in place of Mr M Scarr.

The Mid Coast Cooperative Meat Society went into receivership on November 11, putting \$182,983 in employee loans at risk. The associated loss of income to the Nambucca district was of great concern to the Credit Union at the time, but thanks to community support and good management, it had no significant impact on the growth of the Credit Union.

Minor donations and sponsorships were now at the discretion of the General Manager, but an additional allocation of \$500 was sought from the Board for a donation to Autumn Lodge.

Interest rates continued to fall, and from December 1983, the cost of deposits was 8% on savings - ranging to 11.5% on a three-month term for \$1,000 or more. By February the former figure was down to 7.5%, but investment rates fluctuated

between 12% and 12.5% between April and July.

After protracted negotiations through the early months of the financial year, a contract was signed for the purchase of premises at 68 Beach Street, Woolgoolga in December.

Further problems emanating from the vendor delayed the commencement of operations at the Woolgoolga branch until May 7, 1984. In the interim, the Credit Union's computer system was upgraded to accommodate the rapid expansion, and Ken Palmer, the Coffs Harbour Area Manager, was promoted to the position of Marketing Manager (a position he filled with enthusiasm until his retirement in 1999). By the end of the financial year, the Credit Union had a permanent staff of 17.

At their January meeting, the Board accepted Mr J R Robinson's resignation as a director with regret, thanking him for his valuable service to the Credit Union. Mr K F King was elected to fill the casual vacancy at the April board meeting.

For the 12 months to June 30, 1984 the Credit Union made loans to the value of \$7,935,186, and a profit of \$182,919. Membership stood at 8208, assets at \$13,319,982, outstanding loans \$10,219,906, and deposits \$12,600,000.

In August, the Credit Union became a major supporter of Youth Radio 2CHY with a \$2,000 sponsorship for 12 months. Other donations were made for prizes and promotions to diverse community groups such as Rotary, and the tourist committees serving the bond area. The Woolgoolga Art Group Exhibition was sponsored to the value of \$500.

Mr Keith Mannix, Assistant Executive Director of the Credit Union Savings Reserve Board, was the guest speaker at the 14th Annual General Meeting held on September 24, 1984. (The charge to members for the annual dinner was \$6.)

At the annual meeting of directors in October, Norm Kelsey replaced Bruce King as Chairman. The latter had been an inaugural Coffs Harbour director and the second Chairman of the Credit Union, holding that position for eight years. He was highly regarded as being very astute and hard working. From December 1984, the cost of deposits was down to 7% on savings - still ranging to 11.5% on investments, but by April,



investment rates had risen to 13.5%.

Further to the introduction to this chapter, the Mid North Coast Credit Union, was in some difficulty, and there was a fear that the members of our Credit Union might be financially disadvantaged if a merger was requested by the regulatory authorities because of its weakened state.

As a result of negotiations during March and April at the behest of the regulatory authorities, our Credit Union agreed to merge with the Mid North Coast Credit Union and absorb its staff. The name and board of the Bananacoast Community Credit Union would be retained.

Visa Cards became available to approved members by the end of the year, putting them in touch with

## Investment rates were set at 14% - only to be increased to 15%

retail outlets in over 4 million locations throughout the world. Most members could also write their own personalised cheques - some even from an overdraft.

For the 12 months to June 30, 1985 the Credit Union made loans to the value of \$10,888,952, and a profit of \$181,128. Assets stood at \$17,263,427, and outstanding loans \$14,618,248.

After negotiations with the staff of the Mid North Coast Credit Union, the Bananacoast Community Credit Union agreed to accept a transfer to it of the Mid North Coast Credit Union's engagements. The merger was completed and became effective on and from September 1, 1985. While it took the members of that group a little time to feel at home with Bananacoast, the merger went quite well. As Mid North Coast had a branch in Vernon Street, there were now two offices of the Credit Union in Coffs Harbour to serve its members.

Community support in the way of donations and sponsorships continued with a \$500 donation to Autumn Lodge, \$250 for Touch Football at the Macksville Gift, and other amounts for prizes to diverse community groups like Rotary and the Surf Life Saving Clubs serving the bond area.

Early in September, members' services were further expanded with an agency being opened in the Nambucca River Cooperative at Bowraville. Travellers' cheques also became available to members later in the month.

The Hon. Fred Daly, a well-known former member of the Federal Parliament and a senior Minister in the Whitlam Government, was the guest speaker at the 15th Annual General Meeting held on September 23, 1985. (The charge to members for the annual dinner remained at \$6.)

Scotts Head agency opened in October, operating out of the offices of the real estate agent AB Boyton & Co. At the October board meeting it was decided that the Credit Union would join the Edvest Retirement Service, and appoint Bridges Personal Investment Services as its independent Investment Adviser. Mr Bruce Graham, who had previously worked for the Association of NSW Credit Unions, was appointed as Assistant General Manager. Investment rates were set at 14% - only to be increased to 15% from December to February. Further frequent adjustments became necessary, as balancing liquidity became a greater priority for the growing financial institution.

Much of the initial support provided to the community in the way of donations and sponsorships continued at the discretion of the General Manager, with many functions like the Woolgoolga Art Show and Macksville Polocrosse becoming annual events. The McDonalds - Bananacoast Community Credit Union Birthday Club on Radio 2CS proved to be another winning promotion.

Following the resignation of Ted Samuels Real Estate from its agency position in Sawtell effective from March 31, Bonville Travel was appointed as an agent from May 1.

The lease on the offices of Mid Coast Credit Union in Vernon Street, Coffs Harbour expired on March 31, and the affected staff were transferred to the Park Avenue branch. As a result of these transfers, it became necessary to enlarge the branch and the new facility opened on May 12, with the rest of the renovations being completed in July 1986.

On May 8, the Credit Union's computer was upgraded to an 'Ultimate 6600' - once again the Board optimistically hoped this one would be able to keep pace with the organisation's growth.

For the 12 months to June 30, 1986 the Credit

Union made loans to the value of \$9,417,064, and a profit of \$164,300. Membership stood at 11,910, assets at \$22,670,617, and outstanding loans \$17,943,797.

For the months leading up to this time, interest rates had been slowly coming down, and the Board approved a header investment rate at 13.5% from July 20, only to put it back up to 14.5% again in December. Pressure to increase rates persisted until the end of the financial year, when it was found prudent to reduce the header rate to 12.5% from August 12 1987.

When retiring directors Bruce King and Bruce Addison did not seek re-election at the 16th Annual General Meeting on September 29, 1986, the Chairman, Norm Kelsey thanked them earnestly for their contributions to the progress of the Credit Union. Director Mr K F King had resigned on February 24, which left three vacancies on the Board. These were filled by Mr W D Page, Mr S N Grewal and Mr D B Guinness.

Late in the financial year the interior of the Woolgoolga branch was expanded and redesigned to give greater service and comfort to members and staff.

During the year, the Credit Union commenced a long-term relationship with the Bananacoast Life Education Centre with a donation of \$1,000.

For the 12 months to 30th June 1987 the Credit Union made a profit of \$234,617. Membership stood at 13,081, assets at \$26,061,116, and outstanding loans \$21,621,905.

Mr and Mrs Roy Peake, who had conducted the Urunga Agency since it was established, decided to retire. As a consequence of this, Urunga became the first agency to convert to a full-time branch. The new branch became operational on the 1st September 1987. In his Annual Report, the Chairman recorded the appreciation of the Credit Union Members for the service Mr and Mrs Peake had provided during the six years that they had operated the agency.

Director Bill Ussher decided not to nominate for re-election at the Seventeenth Annual General Meeting on 21st September 1987, and was replaced by Mr F M Matthews. In his Annual Report, the Chairman paid tribute to Mr Ussher's persistent service to the Credit Union. From its genesis through to fruition, Bill gave the Credit Union

Movement his wholehearted support: holding Membership #1, he served as the Credit Union's first Chairman for seven years, and a Director for a further 10. Mr Ussher was urged into further service at the meeting to speak to the members about the history of the Credit Union. (The charge to members for the annual dinner was \$8.)

Interest rates continued to fall, with the header investment rate being set at 11.5% from September 27, only to be reduced to 10.5% from December 15. The limit for unsecured loans was set at \$20,000.

Up until February 1988 Administration and the Macksville branch were intermingled, both working out of the same building, creating a confusing cross-pollination of positions. The Department of Agriculture complied with the notice given in October 1986 to vacate their portion of the premises, and after the completion of internal renovations the Macksville branch and Administration were separated.

In October 1987 Mr Ray Battle was asked to relieve the General Manager while he was overseas. (Mr Battle was formerly the General Manager of the Hastings Credit Union for 14 years) On Mr Spear's return, Mr Battle was asked to continue his assistance on a part-time basis. Mr Battle commenced full time employment as Assistant General Manager on February 15, 1988.

With the appointment of a new, experienced Assistant General Manager, the Board recognised the need for better tools for management to work with, and approved the purchase of 'Lotus 123' software (\$10,500) and the installation of the 'CAPS' auditing program (\$10,900) at their meeting in March 1988.

The Bellingen agency became a fully staffed branch in May 1988, with the agents Mr and Ms Weick being replaced by a full-time Manager, Mr Neville Rogers (formerly Branch Manager for the Hastings Credit Union at Laurieton)

For the 12 months to June 30, 1988 the Credit Union made loans to the value of \$13,975,000, and a profit of \$504,167. Membership stood at 14,798, assets at \$31,627,596, and outstanding loans \$25,302,247.

The Credit Union Arcade in Bowra Street, Nambucca Heads was purchased at auction on June 2, 1988, and the Nambucca Heads agency (operated by the management and staff of

Bradley's Real Estate) was subsequently upgraded to a branch under the management of Mr John McIlveen. The new branch was officially opened on November 14, 1988.

In August the header investment rate was increased to 12% and the Board approved the purchase of a Data Products 600 line/minute printer. The following month a \$55,000 computer upgrade was approved.

The guest speaker at the 18th Annual General

## The Bowraville agency became a full-time branch on December 4, 1989

Meeting on September 19, 1988 was Mr John Raper (of Rugby League fame). The Chairman announced the retirement of Director Frank Tatton at the meeting and thanked him for the years of service he had given the credit union movement. He also thanked Mr and Ms Weick for the great service they had given the Credit Union as agents from 1983 to 1988. Mr G J Regan was elected to fill the position vacated by Mr Tatton.

The search for accommodation in Toormina that started in September 1985 culminated in a new branch opening there on December 12, 1988. The branch was opened with a view to taking some of the pressure off the Coffs Harbour (Park Avenue) branch that had grown significantly in its popularity.

The area served by the Toormina branch was the fastest growing section of the Coffs Harbour district. Barry Martin, who was appointed Manager, had been the General Manager of Macleay Mutual Credit Union for a period of time.

To establish a branch in Bowraville at the least possible cost, space was initially rented (December 1988) in the Bowraville Shire Chambers. In February, land was purchased (\$14,500) in High Street, and a new building (\$155,000) quickly followed. The Bowraville agency became a full-time branch on December 4, 1989, and was managed by newly retired director Frank Matthews

for the first few months.

The rate for short-term investments had moved upwards by small increments to 13.5% in December, but leapt to 14.5% for all term deposits in March and 15.5% in April.

For the 12 months to June 30, 1989 the Credit Union made loans to the value of \$20,540,734, and a profit of \$686,223. Membership stood at 17,273, assets at \$41,438,687, and outstanding loans \$33,747,748. Deposits and investments had reached \$39.3 million.

As mentioned earlier, Director Frank Matthews did not seek re-election at the 19th Annual General Meeting on September 25, 1989 after serving two years on the Board, and the Chairman expressed appreciation for the service he had given as a director in the Annual Report. Mr M J Spear was elected to fill the vacancy. Doug Walters (of cricket & commentary fame) was the guest speaker at the annual dinner, which cost \$10 per person.

Continuing with an unwritten policy of supporting aged care, our Credit Union donated \$600 to Autumn Lodge, and \$1000 to the Woolgoolga & District Retirement Village. In a slightly different vein, the Coffs Harbour Rugby League Football Club was granted a \$10,000 interest free loan for five years to assist them in the development of their new home ground.

By October the investment rate was 17.5% and then slipped in three stages to 14.5% by April. April also heralded a \$63,000 upgrade to the Credit Union computer.

Two more agencies were appointed in 1989. The Stuarts Point Agency was established in September at the Stuarts Point Newsagency, and the Coramba Agency was conducted from the Coramba Real Estate Office from November 23.

The NSW Credit Union Association and its kindred associations interstate had embarked on a revision for the movement that it titled 'Project Renewal'. It quickly became apparent that this push was meant to give the Second Tier Association tight control over the primary credit unions in the Movement. Our Credit Union's delegates to the Special Meeting of the Association on April 7, 1990 were given unequivocal and irrevocable instructions to vote against all the proposed resolutions to pursue Project Renewal.

From the point of view of our Credit Union it was imperative that the autonomy of the individual Credit Unions be maintained if they were to continue to serve the interests of their members, as envisaged by the founders of the Credit Union.

Our Credit Union strongly resisted the push by both the national and state associations to exercise such a high level of control over Credit Unions, and quickly investigated all possible options to retain control.

For the 12 months to June 30, 1990 the Credit Union made loans to the value of \$23,800,000, and a profit of \$718,211. Membership stood at 18,938, assets at \$51,871,046, and outstanding loans \$43,468,772.

By August the investment rate had slipped further to 14%.

It was decided not to have a dinner in conjunction with the 20th Annual General Meeting on September 17, 1990, but to provide a light supper. After 18 years as the Credit Union's Auditor, Arthur Kerr & Co did not re-nominate, and Greg Hardy their former employee was appointed. When retiring director Mr W D Page did not seek re-election after four years on the Board, the Chairman thanked him publicly in the Annual Report for his considerable contribution to the Credit Union Movement. Mr G W McPherson was elected to fill the vacancy on the Board.

From the time of converting the Bellingen agency to a full branch in May 1988, the Credit Union had been negotiating the purchase of a block of land on the corner of Church and William Streets. The purchase (\$127,500) was finalised in January 1990, and by October the new building (\$275,587) that had been erected on the site was ready for use. The official opening was conducted jointly by the Premier of NSW the Hon Nick Greiner, and the Minister for Credit Unions and Cooperatives the Hon G B Peacocke on October 22.

Although both of these gentlemen were sympathetic to our cause against Project Renewal, the rough-and-tumble of state politics saw them removed from power before they had any chance to be of much help - in what proved to be a very tough battle over the next few years.





# The 1990s

From the outset, the decade of the 90's was to be a difficult one for our Credit Union.

The battle against the philosophy of Project Renewal continued to heat up, with unrelenting pressure to accede being brought to bear by the Associations.

When the NSW Association sought to retain its members' capital, in spite of their wishes, our Credit Union launched a Supreme Court Action in 1990 that was eventually successful (1993) in having the proportion of capital injected into the Association restored to those members wishing to leave it.

## bcu celebrated its 21st birthday with a series of promotional dinners

In November 1990 the Board decided to fully investigate what was required to build another association to serve as an alternative to Project Renewal. Numerous meetings and conferences with politicians, beaurocrats and the media relating to the future of the credit union movement in NSW and Australia consumed an inordinate amount of time for senior management and the directors of the Credit Union over the ensuing months.

Despite these challenges bcu continued to grow, with a branch in the Northside Shopping Centre, Coffs Harbour being officially opened by the Deputy Premier, Mr Wal Murray on February 11, 1991.

The investment rate, which was set at 12% at the start of the year, was cut to 11% in three monthly steps by April, with any further lowering that might be necessary being left in the hands of the General Manager. The rate settled at 10.25% in June.

In March the Credit Union sponsored the North Coast Regional Swimming Championships at the

Macksville & District Memorial Pool with a donation of \$2,213.50.

The Board also granted \$5,000 to Radio Nambucca, with an additional pre-paid sponsorship of \$5,000 spread over 3 years. The Constable Care Child Safety Project for Children received the necessary sponsorship from the Credit Union throughout its bond area, and the Australian Foundation for Credit Union Development was voted \$1,000.

For the 12 months to June 30, 1991 the Credit Union made a profit of \$1,299,035. Membership stood at 20,293, assets at \$67,984,826, and outstanding loans \$53,693,576.

Due to the monopolistic nature of Project Renewal, it was decided to change from the FCS (software) that the Association controlled, to the more independent GCS, and to purchase an IBM Risc System/6000 Model 550 Computer at a cost of \$271,610. In September the Credit Union applied to become a Member of the National Credit Union Association Incorporated (NCUA).

Director H G DeSatge did not seek re-election at the 21st Annual General Meeting on September 28, 1991, and Mr W J Singleton was elected to fill the vacancy on the Board. A smorgasbord supper followed the meeting in a similar manner to the previous year.

Boasting 54 permanent and seven casual employees operating out of Administration, 10 branches and four agencies, the Credit Union celebrated its 21st Birthday with a series of promotional dinners at Macksville, Coffs Harbour and Bellingen during October, followed by a meeting of past and present directors in November.

As a matter of urgency, immediate steps were undertaken to ensure the autonomy of the Credit Union against the pressure exerted by Project Renewal.

Urgent meetings with the Minister for Co-operatives, Mr Gerry Peacocke, and Mr Jim McCall were requested, and particular attention was paid to arranging for the provision of all services except banking, from outside of the Association. A commitment was sought from NCUA to act as an alternate trade association, and the Queensland

League was urged to apply to become an alternate Special Service Provider (SSP). In May 1992 the Credit Union proffered \$3,500 in support of this bid and joined the Independent Association of Credit Unions Limited (IACUL). From February 1, 1992, FPI Limited were appointed as independent investment advisers to members in addition to Bridges Personal Investment Services.

The investment rate moved in monthly steps to 8% by November 1991, then slowly settled to 6% by August 1992. Loan rates during this time ranged between 11.5% and 19%.

The donation of \$5,000 (and very strong staff

## For the 12 months to June 30, 1992 bcu made 7,000 loans

presence) that promoted the Credit Union as the major sponsor of the 1991 Pro-Ag Field Days was repeated the next year. Further support was provided to the community in May 1992, when the Board donated \$10,000 to the Riverside Gardens Hostel Appeal of the Nambucca District Nursing Home.

For the 12 months to June 30, 1992 bcu made 7,000 loans to the value of \$38,500,000, and a profit of \$2,189,654. Membership stood at 23,289, assets at \$85,681,312, and outstanding loans \$68,646,576.

At their July meeting, the Board of directors passed on their condolences to the widow of Mr Eric Joseph Reibel, who had been an active member of bcu since its first operational meeting on November 16, 1970 until his death on July 7, 1992. Mr Reibel was member number 9 of the 11 who joined on that historic date.

In October the purchase of Profitstar software was approved. The package, including training and a new PC to use it, costing about \$20,000.

At their next meeting, the Board approved the takeover of the Bellingen District Loan Fund.

Efforts to instigate an alternate trade association and SSP had borne fruit by September, when Norm Kelsey was elected to the board of IACUL, and Ray

Battle became a director on the boards of both Credit Union Treasury Services (CUTS) and Credit Union Settlement Services (CUSS). On November 19 CUTS was registered as a SSP, and CUSS followed shortly after. These entities became known as the CreditLink Group.

During 1992 bcu also faced increasing pressures from a new regulatory regime brought on by panic at the crash of the Pyramid Building Society in Victoria. The administration of Cooperatives was taken away from the Registrar of Credit Unions and the Credit Union Savings Reserve Board. New government agencies were established. The Australian Financial Institutions Commission (AFIC) set prudential standards and ensured that they were enforced on a statewide basis. The NSW Financial Institutions Commission (FINCOM) amalgamated the supervisory role formerly filled by the Registry and the Savings Reserve Board. A Council of State Ministers (MINFIN) was established to oversee the new regulatory regime.

The whole process generally meant a tightening of requirements for Credit Unions in relation to capital and liquidity requirements and an expansion of reporting requirements. This new regime added significantly to the expense burden on credit unions.

This was to be further exacerbated in 1993 when the Federal Government introduced the Taxation (Deficit Reduction) Act that was to abolish the taxation status of credit unions as mutual societies. Previously, this position had meant that interest earned on members deposits and investment funds were exempt from tax. bcu was able to build up a substantial reserve fund by putting its annual surplus across to that fund each year. Now credit unions would see their annual surplus reduced by 36% as these taxation measures started to bite.

In February 1993, a \$3,000 Youth Education Sponsorship Program was instigated, where three schools in the bond area were each asked to nominate their two most improved students at the end of the school year for an award of \$500 each.

During June, three promotional dinners were provided for Members: one each at the Coffs Harbour Ex-Services Club, the Urunga Bowling Club and the Nambucca R S L.

For the 12 months to June 30, 1993 the Credit Union made 7,760 loans to the value

of \$39,000,000, and a profit of \$2,653,617. Membership stood at 26,884, assets at \$107,292,774, and outstanding loans \$81,500,962.

At the July board meeting, the directors approved the purchase of an archival storage system (\$70,000), disaster recovery through GCS and Wormald Security cover for all branches and Head Office. They also approved associate membership of Visa (\$55,000), offering members a choice of debit or credit card.

In August 1993, with members' deposits exceeding \$100M, bcu severed ties with the Association, which had now federated on a national basis as the Australian Federation of Credit Unions Ltd (AFCUL), and affiliated with the National Credit Union Association (NCUA) and the CreditLink Group with which it was associated.

Due to the ever-increasing membership, the Toormina branch was enlarged by 50% and the Coramba agency was updated to the equivalent of a branch from September 20.

A new branch occupying the TAB building in Wallace Street, Macksville was officially opened by the Minister for Energy and Minister for Local Government and Cooperatives the Hon Mr Gary West MP on November 5, 1993. bcu had finalised the purchase of the building in December 1991, and the move to the main street was a milestone for bcu in its development. The expanded facilities freed up substantial space in head office, which after internal renovations were completed, enabled Administration staff to greatly improve response to servicing branches and members.

CueCard commenced operating in November 1993.

In response to the devastating January bushfires, the directors kicked off a bcu sponsored appeal with a \$5,000 donation.

At their next meeting, minimising hardware failures caught their attention, and they found it prudent to spend approximately \$156,775 on a second computer, disk drive and high availability software.

At the March board meeting, the directors continued bcu's support of the Surf Life Saving Association with a donation of \$500 to the North Coast association. (More support was forthcoming in September with a \$2,500 sponsorship for Junior Camps.) The Board also regretfully accepted the resignation of Mr G W McPherson as a Director. Mr

David Gordon Jones was elected to fill the casual vacancy in June.

For the 12 months to June 30, 1994 the Credit Union made 8,684 loans to the value of \$54,846,730, and a profit of \$3,124,278. Membership stood at 27,765, assets at \$135,667,518, and outstanding loans \$103,719,148.

August 1994 saw the completion of the new premises in Bowra Street, Urunga, where the Credit Union had purchased a \$220,000 property a year earlier.

In October, \$500 additional support was on its way to the Sikh community in Woolgoolga to help out with the 8th Annual Sikh Games.

A branch was established in Grafton Shopping World and commenced operating on November 14, 1994.

The \$225,000 purchase of the Coramba branch building was approved in December and finalised on April 3, 1995.

February saw \$770,000 spent on a computer hardware and software upgrade.

During 1995 five ATMs were installed. The first two were installed on February 2, 1995 in Grafton Shopping World and Park Avenue, Coffs Harbour. Three more were installed in Toormina, Woolgoolga and Bellingen on April 3, 1995. Minor alterations were also carried out to the Coffs Harbour and Dorriggo buildings.

In answer to many months of negotiations and intense lobbying of politicians, NSW Credit Unions were granted Trustee Status on May 3, 1995.

For the 12 months to June 30, 1995 the Credit Union made 10,412 loans to the value of \$63,956,973, and a profit of \$2,657,586. Membership stood at 34,122, assets at \$168,538,435, and outstanding loans \$138,102,844. The Credit Union celebrated its 25th Anniversary with its Reserve Capital reaching \$14,973,254.

As a consequence of the upheaval in the finance industry, and a perception that the banks could effectively use their size and lobbying power to squeeze out Credit Unions, our Board resolved in June to participate in a detailed investigation into an Australian Cooperative Bank. Because of their 125-year history of success as owners of cooperative banks, the European Credit Unions

were deemed to be the obvious models for study. Due to his enthusiasm and experience in the cooperative industry, James McCall was engaged to coordinate a study tour to depart in October. The Victorian Teachers Credit Union elected to send their Chairman, Colin Laity, and General Manager, Brendan Smith. Norm Kelsey, Chairman, and Ray Battle, as Deputy General Manager represented our Credit Union.

On their return in November, the group reported extensively on the second tier cooperative banking system operating in Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxembourg, Portugal, Spain, and The Netherlands. They concluded that: 'the establishment of such a second tier bank, serving the Credit Union sector and owned and controlled by it, is viable and is imperative if the sector is to maintain its founding ethos and survive as a homogeneous union of successful, independent, community owned cooperative financial institutions devoted to servicing their members' total banking needs.'

The interior of the Woolgoolga branch was completely redesigned and the fit-out was effected over the long weekend in October.

To celebrate the Credit Union's quarter century, former directors were invited to attend the November board meeting. Regrettably, fewer were able to attend than only four years earlier.

Early in 1996, ATMs were installed at the front of the Credit Union Arcade in Nambucca Heads and the Administration building in Macksville. Remote access for members was expanded further with the installation of a Swift Telelink Telephone System from Expertech for \$36,800. (Ultradata costs were \$4,500.) This meant that members could obtain all their account information and effect transfers between nominated accounts 24 hours a day from anywhere in the world by telephone.

At their May meeting, the directors decided to form an Audit Committee consisting of Norm Kelsey, Gerry Regan, Bill Singleton and Ray Battle. Prior to this, (since September 1992) the full Board had acted as the Audit Committee.

For the 12 months to June 30, 1996 the Credit Union made loans to the value of \$70,342,384, a profit of \$3,249,818. Membership stood at 40,285, assets at \$214,598,306, and outstanding loans \$168,370,789.

In July, the Board agreed to reduce the level



bcu originals gather for a reunion around the pool table at the Pub With No Beer.

of Loan Protection Insurance to a maximum of \$20,000 cover for persons up to the age of 70 years. An agreement with Giropost was also ratified at that meeting, but because of rapid changes to technology this facility did not need to be utilised.

The Credit Union Code of Practice was adopted at the next meeting, and the long haul of getting an ATM established in the Bailey Centre, Coff's Harbour was instigated with a building application to council. (The unit was eventually installed in time for Christmas 2000.)

Mr Neville Spear, General Manager, announced his retirement to take effect on the 31st October 1996. Having been with the Credit Union since its inception, he was responsible for guiding the organisation to the point where it was recognised as the leading financial institution in the region in which it operated.

Possibly because the first 13 years of his life were spent at Bowraville, Mr Spear returned to settle in familiar territory at Taylors Arm in 1952 as a commercial banana grower.

In 1959 he was appointed a director of the Banana Growers Federation, a position he held until retiring to concentrate on the Credit Union in 1977.

In the early days of the Credit Union, he and his wife Beatrice were its sole managers, operating on a day-to-day basis from their home at Taylors Arm. Apart from the management of bcu, he was involved in a number of projects of the Movement - particularly in providing assistance to groups in Papua New Guinea wishing to commence Credit Unions there.



Mr Ray Battle was appointed to replace the General Manager and the position became known as Chief Executive Officer (CEO). Mr Battle was the Assistant General Manager for 9 years, and previous to that had for many years been General Manager of what was then known as the Hastings Credit Union.

In his first year as Chief Executive Officer of the Credit Union there were a number of challenges to be faced. Technology was changing the whole nature and operations of the financial industry in Australia and increasing competition. The emergence of mortgage originators was but one of the many new competitive forces in the marketplace, that conspired to continually erode margins.

In the same year a new uniform Credit Code was introduced that required significant changes to the way bcu did business. Changes to the manner in which interest was calculated under the Code cost the Credit Union \$500,000 of its income in the first year of the Code's operation. This pressure on the bottom line consequently lead to discussions with neighbouring Credit Unions on the feasibility of merging.

The new government had announced an inquiry into the Australian Financial System - chaired by Mr Stan Wallis and later called the Wallis Inquiry. The Credit Union made a substantial submission to the Inquiry, and many of its arguments and recommendations for reform were taken up and adopted in the Recommendations of the Inquiry.

As a result of changes adopted under the recommendations of the Inquiry, the regulation of Credit Unions became federalised under the control of the Commonwealth Government, with AFIC, FINCOM and MINFIN (mentioned earlier) disappearing from the regulatory landscape.

Late in 1996 an agency agreement was signed with Northpower, and the Telephone Access System received a \$9,200 upgrade. Director Gerry Regan was elected to the position of Vice Chairman. Chairman Norm Kelsey and CEO Ray Battle resigned from the Audit Committee. Director David Guinness and the newly appointed Internal Auditor / Compliance Officer Garry Swain were elected to fill the vacancies. David Bevan, former CEO of Coastline Credit Union, commenced work on upgrading the administration system of our Credit Union as Finance and Administration Manager on

December 17.

The year 1997 saw great advancements for the Credit Union. A Strategic Planning process was put in train, and PricewaterhouseCoopers were engaged as Auditors. Northside branch was relocated into a new building on land purchased by the Credit Union only four months earlier. Macksville branch was refurbished to operate as a service-based branch rather than a transaction-based branch as a trial for other branch conversions.

For the 12 months to June 30, 1997 the Credit Union made loans to the value of \$100,084,107, and a profit of \$2,533,618. Membership stood at 46,849, assets at \$250,126,280, and outstanding loans \$192,461,193.

The banks continued to withdraw from country areas and this further increased the need for the services of bcu, with membership growing at an exceptional rate. In addition the banks moved to a new phase of increasing their non-interest income (fees and charges), and decreasing their reliance on interest rate margins for profit.

Unfortunately, too many members began making a convenience of bcu's free services, while shopping elsewhere for their insurance and interest-rate sensitive financial business. Formulating strategies to address this problem became a major focus of the Capital & Loyalty Based Fees Committee's deliberations for a number of years.

Cuecards gained international acceptance through Cirrus and Maestro networks, expanding the Credit Union's services throughout the world.

As a result of the election of directors at the Annual General Meeting held on the 24th November, Director Mr S N Grewal retired, and Mr G C Johnson was elected in his place. Chairman Norm Kelsey expressed gratitude on behalf of the Credit Union for the 11 years of service Mr Grewal had given as a director.

A Year 2000 (Y2K) Committee was established to facilitate and coordinate the modification of existing hardware and software, to ensure continuity of critical operations at the turn of the year 2000. (Many computer consultants were predicting that the rollover to a year '00' would create chaos in older computer systems.)

The Board appointed a delegation to visit the

major centres of the cooperative banking system in southern Europe in March 1998 to further investigate the second tier structure operating there.

The delegates were Deputy Chairman Mr Gerry Regan, Director Mr David Guinness, Finance Manager Mr David Bevan and coordinating consultant Mr James McCall. The group visited Vienna, Paris, Lisbon, Mondragon, Madrid and Rome. They were warmly received everywhere, and assured of any necessary support that could be made available by the central banks visited.

1998 saw the installation of two new ATMs in Coffs Harbour, one located at Park Avenue, (the second at that branch), and the other at Northside. Scotts Head Agency was upgraded, and a strata-titled building occupied by ANZ purchased in Toormina. A Disaster Recovery Site was established at Urunga so that in the event of some natural or unnatural disaster bcu could continue to function efficiently.

The Credit Union also introduced the telephone loans centre in Bellingen, and a mobile lender. These initiatives were successful in considerably reducing the waiting time on loan applications at branches.

For the 12 months to June 30, 1998 bcu made a profit of \$2,071,076. Membership stood at 50,440, assets at \$270,413,663, and outstanding loans \$207,538,712.

With the launch of the Financial Management Services (FMS) division in July 1998, bcu became able to capture business previously lost to superannuation funds by offering Retirement Savings Accounts. This division also became responsible for the development of bcu's insurance products.

It was at the end of 1998 that Mr Norm Kelsey announced his retirement as Chairman of the Credit Union. He had held this position since 1985 and, with his fellow Directors, had worked tirelessly to nurture the Credit Union through difficult times and to promote and motivate it to great heights during his Chairmanship.

The Annual General Meeting was vocal in its appreciation of Mr. Kelsey's dedication and generosity in his service to bcu.

Mr W (Bill) Singleton was elected Chairman in place of Mr Kelsey and Mr Gerry Regan was re-elected as Deputy Chairman.

An additional mobile lender was introduced to the Grafton area, and an Agri-business manager was engaged. Following changes in legislation, the Credit Union was able to receive Farm Management Deposits from primary producers.

In May 1999, the Park Avenue, Coffs Harbour branch was totally refurbished to provide a modern banking facility for members. Electronic

## The cost of compliance was continuing to increase at a much faster rate

Teller Cash Dispensers (TCD's) were included in the upgrade, and TCD's were also introduced at Toormina and Northside branches.

The cost of compliance was continuing to increase at a much faster rate. This impacted on all Credit Unions' ability to increase profits, forcing many smaller Credit Unions into merger negotiations.

bcu could now offer business/commercial members the opportunity to take up loans on a one or two year fixed rate, and an upgraded leasing finance service through brokers.

For the 12 months to June 30, 1999 the Credit Union made a profit of \$2,013,713. Membership stood at 53,712, assets at \$305,983,845, and outstanding loans \$238,483,148.

A bonus scheme was implemented from July 1, 1999 with strong staff support, which resulted in a payment to staff just in time for Christmas.

The September board meeting approved the increase from \$1 to \$1.25 for the transaction fee for members using an ATM not owned by bcu to recoup the interchange fee charged by other financial institutions.

October saw the live conversion of bcu's mainframe computer software upgrade to Ultracs 2.1, which was far from uneventful and problem free. Ultradata, the software supplier, eventually agreed to pay a substantial but fair settlement in recognition of loss of income to bcu. A further upgrade to enable greater functionality was

provided with Ultracs 2.2 in April 2000.

With the lease for the branch in Grafton Shopping World coming up for renewal, investigations began into the feasibility of purchasing suitable alternative premises. These bore fruit with the purchase of 60 Prince Street in June 2000.

By November 1999, increases in staffing levels at Head Office had reached a level that would make it difficult to accommodate for any future increase without undertaking a total refurbishment. In addition, the existing strong room had become inadequate for the necessary file storage. To relieve the situation, the Credit Manager, secretarial and collections staff (4 persons) were re-located to the Bowraville branch.

At the Annual General Meeting on November 22, 1999, Mr Norm Kelsey and Mr Fred Bond retired as Directors, while Mr Peter E Dunstan and Mr Micheal J Martin were elected to replace them. Marketing Manager, Ken Palmer who had been an integral part of the organisation for 20 years, also announced his retirement, but offered his services in a part-time consultancy role for at least the following 12 months. A farewell function for the three retirees was held at the Boatshed Brasserie beside the Nambucca River on January 30, 2000.

To assist with strategic planning, an extensive 'Store Expansion Feasibility Study' extending from the Far North Coast to the Lower Mid North Coast was completed in December. This study resulted in the purchase of strata title to 3/158 Gordon Street, Port Macquarie in April, and ultimately, the opening of a branch with an atm there on August 21, 2000.

As the spectre of turning computer dates to zero approached, considerable human resources were tied up in ensuring that bcu was properly prepared for any Year 2000 problem that might arise. Consequent to the extensive planning and preparation, no Y2K difficulties were experienced.

With the increased use of the Internet by other financial institutions to provide a lower cost of delivery service to their customers, it was decided to survey a cross-section of bcu's members to ascertain their requirements for that type of service. This eventually resulted in the introduction of BPAY and IBank (online banking) in 2001.

The February closure of Westpac's branch in Sawtell stimulated demand for a Credit Union

presence in the main street. Later in the year, a survey was distributed to gauge the level of interest in providing a service bureau there. The response to the survey was disappointing, and a bcu presence was not considered a viable option.

During the year, steps were taken for the Credit Union to investigate becoming a licensed dealer in securities. Such a move required severance notice being given to Howarth Investment Services, terminating the relationship dating from 1997. After further investigations into a number of similar service providers, the Board decided to enter into an arrangement with Community and Corporate Services for the provision of investment services from February 1, 2001.

As a prelude to this new era of expansion, a seminar was held to introduce female members of bcu to the Financial Management Services (FMS) division at the Opal Cove Resort on March 6, 2000. Initial planning was for around 50 participants, but when registrations exceeded 400, numbers had to be culled to 320. This proved to be an excellent community-awareness exercise that has been repeated (on a smaller scale) a number of times since.

Over preceding years transaction volumes and related costs had grown significantly, with some members generating excessive volumes of transactions whilst retaining deposit and loan facilities with other financial institutions. In response, bcu introduced business transaction fees based on a 'user pay' principle. Less than 2% of the membership actually incurred any fee as a result of the scheme's introduction, meaning that the majority of members continued to enjoy low-cost access to bcu.

All branches were closed for Easter Saturday this year, and it was resolved that this would become a permanent policy.

By the end of the March 2000 quarter, it was plainly evident that the existing IBM J40 computer system and attendant tape drive had become completely inadequate to service bcu's requirements, with lengthy down-times inconveniencing members and creating inordinate stress and overtime for the staff.

After a lengthy evaluation process, the Board decided that an RS/6000 Model H70 was the best choice available, leapfrogging the tried and proven IBM F50. However, just as the order was about to

be placed with IBM, the new F80, H80 and M80 models were announced with a general availability of June 9. Although the capabilities of the H70 appeared more than ample for bcu's foreseeable future requirements, there was a strong temptation to move to the new copper-based technology to ensure maximum return on the investment. The risk was that if they waited for the F80, the machine might not be up and running before end of year, with processing delays seriously impairing bcu's ability to open for business the next working day.

After further consultation with Ultradata and IBM, it was decided in early May that bcu would order the first RS/6000 Model F80 in Australasia. On Monday June 12, just three days after plant general availability, the first local F80 was installed, and by the following Monday, the switch over to the new system was effected.

In answer to community concerns about the introduction of a Goods and Services Tax (GST) from July 1, 2000, bcu sponsored Business Vectors Pty Ltd to run a number of free, well-attended GST Seminars throughout the bond area in Grafton, Macksville, Bellingen, Sawtell, and Coffs Harbour during February.

These were so popular that it was decided to conduct a second series of limited-number, workshop-style seminars (to cost participants \$10) during May. This support for small business members was further extended to the provision of five Business Activity Statement (BAS) workshops in October.

Banklink was another service introduced for small business members at the end of the financial year. This was to facilitate the transfer of the transaction details on a member's statement to their accountant, saving a lot of time usually taken up with data entry in the past.

For the 12 months to June 30, 2000 the Credit Union made a profit of \$1,886,169. Membership stood at 56,340, assets at \$336,244,548, and outstanding loans \$272,034,631.

A three-day presence at the Ag-Quip Field Days in Gunnedah resulted in a very strong demand for the services of the Credit Union in the Tamworth area, and the Board decided to send a similar delegation to Primex in Casino during June 2001.

Organic growth of the Telephone Loans Centre

(opened in 1998, and designed to meet the needs of the Credit Union until 2003) necessitated a major refurbishment, which was completed in October to accommodate 15 employees.

The Onelink MasterCard product was launched on October 23, and received strong support from the members.

The Grafton branch was relocated from Shopping World to Credit Union owned premises at 60 Prince Street for the commencement of business on November 20, 2000, providing members with state-of-the-art financial services facilities.

A new Constitution to conform to the requirements of Corporation's Law was adopted at bcu's 30th Annual General Meeting on November 27, 2000. The keynote speaker at the meeting was Dr Race Mathews, a prominent academic, author, a former federal and state politician and Chairman of Waverly Credit Union (Vic).

Speaking in support of the board's community development policy, Dr Mathews stressed the need to continually focus on the core values and principles of Credit Unionism, and the key role that cooperative enterprises can take in developing their local economies.

The Board was unanimous in its aspirations to discover a special focus that would help propel bcu into the new century with renewed purpose and an identity that would set it aside from its competitors and contemporaries.





## 2000s

To provide a sharper focus on the Board's community development policy, three new committees were elected at the Annual Board Meeting on December 11, 2001. Directors Mr M J Martin and Mr D B Guinness were nominated to form the Regional Development Committee, and Directors Mr G J Regan and Mr G C Johnson were nominated to form the Community Housing Committee. The other committee to be established was the Education Committee to bring together certain staff members.

Just in time for the Christmas 2000 holiday period, four additional ATMs were installed in Coffs Harbour, Urunga and Port Macquarie. Those at the Jetty Shopping Village, Coffs Harbour, and at the Urunga branch sustained heavy use by visitors and the ATM installed at Coffs Harbour's Bailey Centre, was the nexus for a strong promotion campaign combining both bcu and tenants of the centre.

Later in 2001, as a consequence of the abolition of foreign ATM fees between Coastline Credit Union and bcu, the Port Macquarie unit at 85 Horton Street was found to be under-utilised and was later relocated to the Ballina branch at 275 River Street.

In just six months, the Port Macquarie branch had made a big impact in the Hastings Valley. Its performance far exceeded the expectations of the Board, prompting an investigation into further opportunities for expansion in that catchment. Except for the installation of an ATM in the Wauchope RSL Club, these options were eventually shelved in favour of satisfying a growing

demand for the services of bcu in the Northern Rivers region.

Around this time, a strategic alliance was forged with the Coastline Credit Union, which resulted in the abolition of foreign ATM fees between the two credit unions. This was of great benefit to the members of both credit unions, and reduced the pressure on providing additional facilities for our members in the Hastings Valley.

March saw the expansion of individual member's transaction services with the introduction of BPAY and iBank, with just about any form of branch transaction being made available on their personal computer via the Internet, as well as through the account access system established in 1996.

On May 6, employee Roslyn Ward was the guest of honour at a small luncheon function at the Boatshed Brasserie beside the Nambucca River. The Board and management were fulsome in their praise and gratitude to Ros for her 25 years (and continuing) service to bcu.

bcu's first participation in the Primex Field Days at Casino on June 14, 15 & 16 was rewarded with a very positive response from the public, which reinforced the Board's decision to expand the influence of the Credit Union into the Northern Rivers region.

For the 12 months to 30th June 2001 bcu made a profit of \$1,710,719. Membership stood at 59,163, assets at \$388,584,409 and outstanding loans \$303,891,083.



The onerous effects of the change from the previous 'protected' legislative environment to the new Corporations Law structure were becoming more evident as time passed, and would have a greater impact on bcu than any other change in its 31-year history.

The capital requirements under Corporations Law proved to be much harder for a mutual organisation like ours to maintain, because its only source of capital could be retained earnings – gained from its own members. The impost of company income tax, the impact of the GST, more intense market competition, and the continued downward pressure on interest rates, all contributed to the challenge of maintaining capital.

Following the successful representation at Primex in June, this year's presence at the Gunnedah Ag-Quip Field Days in August was again strongly supported by prospective members.

After three years of carefully evaluating various options to maintain the required level of capital, the Capital Committee recommended that the Board introduce a membership levy together with some increases in current fees and charges to apply from 1st October 2001. In adopting the Committee's recommendation, the Board felt confident that bcu would be able to meet its statutory requirements comfortably and continue to develop and expand its services for the benefit of all members. Due to unforeseen changes in the membership figures (not to ignore the increases in charges passed on by banks), a review in February deemed it necessary to increase the membership levy and some of the fees and charges from 1st June 2002.

To save on downtime and staff overtime when backing-up the mainframe computer, the Directors sanctioned the installation a new high-speed LTO tape drive (for an outlay of \$34,265) at their November meeting.

Also at their November meeting, the Directors requested that a formal agreement be drawn up with the Coffs Harbour Health Campus for the installation of an atm (at an indicative cost of \$35,000). This state-of-the-art machine was installed and operational in the main entrance area during March 2002.

With members' acceptance of Internet banking growing exponentially, the Board decided to upgrade iBank to version 3.0 at a cost of \$35,000.

Four months later, by the end of March 2002, 5577 members (10.46%) had registered to use the service and by July this number had grown to 8,000.

Although the date of the 31st Annual General Meeting (November 26) was scheduled as late as possible, plans for it to be the launch of an historic initiative by bcu were still stymied by delays in getting the necessary ATO Private Ruling and approval by the regulators. It wasn't until March 4, 2003 that Treasury announced policy approval of Redeemable Preference shares as equity (subject to a new regulation yet to be issued).

The guest speaker at the AGM, Mr Michael Oswald, CEO of the Creditlink Group, gave a very interesting presentation on the history and services of his group of companies, praising in particular the support provided by bcu and CEO, Mr Ray Battle.

After a fit-out costing \$173,000, bcu's 14th branch opened for business at Ballina on December 18, 2002, extending the coverage of bcu's full range of services from the Hastings Valley in the south to the far north of the State.

Storage continued to be a major concern, even after the alterations to Head Office. Initially, investigations were made into the erection of a specialised storage facility at the rear of the Bowraville branch, but local government requirements for the building made the project too expensive to be a viable proposition. It was decided instead to rent more space in the industrial area of Macksville, and relocate Credit Administration (and allied document storage) to the Credit Union Arcade in Nambucca Heads. With other necessary renovations, the budgeted cost was \$121,587.

A Special General Meeting of members held on May 27, 2002 approved a number of changes to the Constitution of the Credit Union. Most notable of these were the alterations that would enable bcu to pay a scrip dividend and assign franking credits to Shareholders with more than 12 months membership. The first scrip dividend (for the financial period 2000-2001) to be paid on June 15, 2001, was set at \$35 with a franking credit of \$15 for full members, and \$7 with a franking credit of \$3 in the case of junior members. The Directors authorised expenditure of \$71,633.61 for the necessary software modifications.

Ours became the first Australian credit union to initiate a loyalty Bonus Share Scheme, allowing members to increase their equity and enhance the capital of their Credit Union. At the same time, shareholders gained the benefits of tax credits with the Taxation Department. Importantly, the mutual status of our Credit Union would not change, because the bonus shares carried no voting rights. In view of the disheartening recent history of increasing regulation and associated compliance costs, this represented a monolithic milestone that could be used to advantage by most Australian credit unions.

At their 22nd April 2002 meeting, the Directors elected a Directors' Nomination Committee to seek out and evaluate prospective directors to facilitate orderly progression within our Credit Union. The new committee was comprised of Mr W J Singleton, Mr R A Battle, Mr D B Guinness and Mr G J Regan. It was also decided to expand our Credit Union's agri/commercial lender services with regular visits to Casino and Tamworth on a six-month trial basis from May 1.

The staff of Northside branch in Coffs Harbour suffered an armed hold-up on 29th April. The offender was arrested a short time later.

As a consequence of several months of negotiations, the Board's decision to make a \$500,000 investment in Community & Corporate Financial Services Pty Ltd (COMCORP) came to fruition in May 2002.

Around this time, an agreement was also made between bcu and Creditlink Management for the provision of a loan securitisation program with the Trinity Mortgage Trust. This resulted in an initial tranche of loans worth about \$6 million being securitised.

Increasing demands placed on the existing atm at Toormina branch were answered with the installation of a second machine.

For the 12 months to June 30, 2002 bcu made a profit of \$2,562,088. Membership stood at 50,364, assets at \$434,921,637, and outstanding loans at \$361,445,325.

Despite the worsening drought, the organisers and exhibitors rated the 30th Ag-Quip at Gunnedah in August as one of the best. Following a disappointing report on new business introduced by our Credit Union's representatives at the Field Days, the Board decided not to field a presence there in 2003,

but still conduct the mail-out advertising to RMBs as in previous years. After promising rains and a reorganisation of territorial responsibility for the two agri-lenders, this decision was reversed in March 2003.

At their meeting on September 23, 2002, the Board decided to support a Native Hardwood Project with a \$30,000 interest-free loan. The loan was subject to the attainment of other funding as indicated in its business plan, and set for five years, with no repayments for the first 12 months.

## The guest speaker at the 32nd Annual Meeting was the foundation Chairman, Mr H M (Bill) Ussher

Approval came as a result of a recommendation by an investigative committee. bcu expected to be issued with 2000 shares as a substitute for interest.

The Board also decided to accept an offer of \$900,000 for the sale of the Credit Union Arcade in Nambucca Heads.

Shortly before noon on Tuesday October 8, 2002, two men gained entry to the foyer office of the Credit Union's Administration Centre. One man jumped the counter and began rummaging through desk drawers and office equipment. When the startled receptionist retreated to a back office and raised the alarm, the intruders snatched up her handbag and darted out of the building. They were last seen in the Star Street car park. Unfortunately the handbag also contained a full set of keys to the Administration Centre. (All of the locks were changed that afternoon.)

In October, Carol Ward completed 25 years of service as an employee of bcu, starting at the Coffs Harbour branch in 1976 and later moving to Head Office.

The guest speaker at the 32nd Annual Meeting on October 21, 2002 was the foundation Chairman, Mr H M Ussher, who recounted many interesting details from the early years of bcu, reiterating that he would never have dreamt that the fledgling Credit Union would ever become such a significant



institution.

At the annual board meeting a week later, Director Mr D B Guinness was elected to the Community Housing Committee and the Capital Committee.

Mr W A (Bill) Rainnie, bcu's new General Manager - Operations, was appointed on November 18, 2002 and thrown in the deep end. As part of his familiarisation process, he attended the Sydney CreditLink Conference that week with senior management, the Chairman and four other Directors. Bill was previously serving as Assistant General Manager at the New England Credit Union.

On November 23, Barry Martin and Director Micheal Martin attended the annual Coffs Coast Business (Sunny) Awards dinner, where half the winners were members of bcu and publicly full of praise for the services it provides.

The Board decided that a \$1.3 million bonus scrip dividend for the financial period 2001-2002 would be paid 16th December 2002 at the rate of \$30 for full members and \$6 in the case of junior members. The Credit Union's CEO, Mr Ray Battle, was appointed by APRA (Australian Prudential Regulation Authority) to a select group of nine Credit Union Liaison Representatives. Their responsibility was to actively bring forth issues relating to credit unions and their supervision at their regular meetings with APRA representatives. Mr Battle attended his first meeting on December 16, 2002.

The Pub With No Beer at Taylors Arm was once again the venue for a very auspicious gathering in the history of bcu on Tuesday December 10, 2002. As many founding members and original Directors as were able, attended to record an oral history of the formation of the Credit Union. At their February 3 meeting, the Board of Directors instigated the commissioning of a commemorative plaque inscribed "Birthplace of Bananacoast Community Credit Union Ltd" to be mounted in the pub.

Historically, the Board had set a constant brief to the IT department to seek out the best computer software to improve efficiency and member service. Further to this goal, the Directors decided to approve a recommendation to upgrade our Ultradata software from its current version 2.2 to the latest version 2.5. This upgrade promised to provide considerably improved functionality at a cost of \$438,900 plus maintenance fees.

At their meeting on February 3, they approved additional expenditure to allow participation in the initial testing phase of new software being developed for managing customer relationships. More IT expenditure was approved in March 2003 with a \$36,405 router upgrade.

The Board also approved the purchase of a Credit Risk Based Loan Pricing Model from PricewaterhouseCoopers at a cost of around \$40,000, and engaged PwC for the provision of advisory services for an Operational Risk Review for \$26,400.

In further support of bcu's \$500,000 investment in COMCORP back in May 2002, the Board approved a recommendation to take up additional equity at their meetings on December 16 2002 and March 3, 2000.

Following an offer to buy bcu's Coramba branch for \$238,000, the Board approved a recommendation to sell and lease back the premises. The sale was finalised in June 2003.

At their June 30 meeting, the Directors voted to grant \$30,000 to the Southern Cross University School of Rural Health Faculty of Medicine ASLaRC (Aged Services Learning and Research Collaboration) program of research into death & dying in non-cancer patients.

As a reflection of the level of importance the Board placed on the management of risk, the Audit Committee was given that responsibility, and its name changed to 'Audit Compliance & Risk Management Committee' effective from July 1, 2003.

For the 12 months to June 30, 2003 bcu made a profit of \$5,110,970. Membership stood at 50,156, assets at \$514,109,015, and outstanding loans at \$402,320,746.

As bcu's representatives attending Ag-Quip at Gunnedah in August reported that the results achieved were the best so far, the Board decided to plan for representation again in 2004.

At their meeting on September 22, the Directors confirmed their commitment to Creditlink's Transactional Fraud Detection System, and to provide a more efficient and timely atm fault response, they also approved subscription to Creditlink's atm Monitoring Solution at a set-up cost of \$3,800 and monthly management fee of \$67 per atm.

After over 30 years of exceptional service to the members of our Credit Union, Director Ronald A Stone announced that he would not be standing for re-election at the 24th November Annual General Meeting.

Many long-term members presented testimonials on his dedication to service, even to his own detriment at times. At the meeting, it was decided to reduce Board representation to nine Directors, and to extend bcu's bond area north to the Noosa River. Steve Mortimer was guest speaker at the

## The new branch at South Tweed Heads opened for business on December 17

Annual General Meeting and at a Business Breakfast held the following morning at Pacific Bay Resort.

Following on with the business theme, those members who attended the evening seminar with Martin Grunstein on November 27, in Coffs Harbour went away 'thinking outside the square' with a new slant on business promotion. Similarly, the Directors and staff of bcu who attended the in-house 'Share the Vision' Conference at Pacific Bay Resort on November 28 & 29 came away revitalised and keen to work as a team.

At the Annual Meeting of Directors on December 8, Director D B Guinness retired from the Audit Compliance & Risk Management Committee in accordance with its Terms of Reference and was eligible for re-election. Following a secret ballot, the results were tied, and the Chairman declared that the position would be drawn from a hat. Consequently, Director M J Martin was appointed to the Committee.

On December 16, 2003, a bonus scrip dividend was paid at the rate of \$45 for full members and \$9 for junior members.

Following months of investigation, council negotiations and contractor wrangling, the new branch at South Tweed Heads opened for business on December 17 at a final cost of \$444,176.

The installation of an atm followed early in the next year.

A proposal to upgrade the Credit Union's primary and disaster-recovery computers had been stalled due to the high cost, but when the suppliers came up with a much cheaper quote, the Board approved the \$133,000 expenditure needed for the plan.

The Woolgoolga Seniors Centre was another stalled project that received strong support from bcu. Having raised \$267,000, and with the building nearly to lock-up stage, the Woolgoolga Rotary Club's project had a shortfall of \$120,000. To ensure that the Centre was finished as soon as possible, our Board granted \$30,000 immediately with the proviso that Coffs Harbour City Council would guarantee the balance. The facility was officially opened by the Deputy Prime Minister John Anderson on May 3, not many days before our Woolgoolga branch celebrated 20 years of service in the community.

bcu started 2004 on a high after winning two awards in the prestigious *Money* magazine's Best of the Best Annual Awards for 2004.

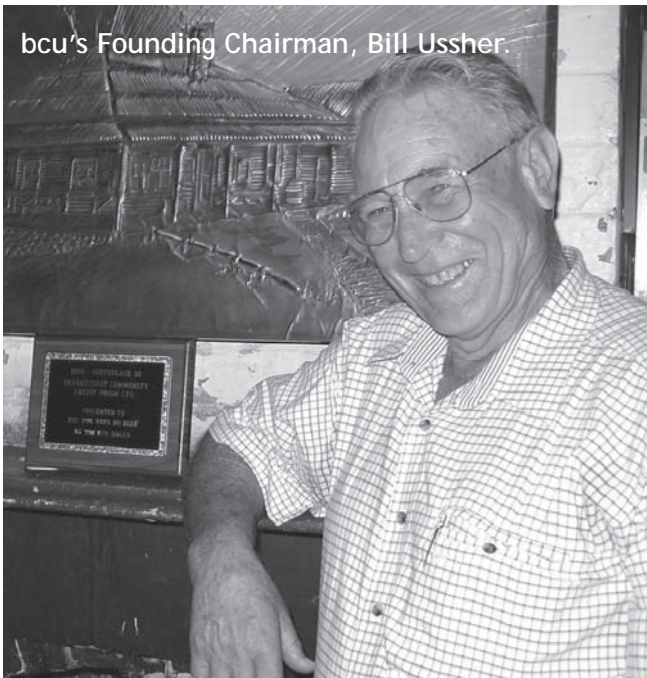
It was the only financial provider to win two awards from a field that included almost every bank, building society and credit union in Australia.

The *Money* team voted our savings account as the Best Transaction Account - Electronic User, and our personal cheque account was equal first in the Best Transaction Account - Combination User category.

Following recommendations by the CEO at their January 19 meeting, the Directors voted to take up an additional 200,000 Ordinary Shares in COMCORP at \$1.50 each, and decided not to renew the Legal Documentation Support contract with the MBT Group, but to recruit an internal Legal Services Manager to aggregate that service in-house.

Lunchtime Sunday February 1, was the occasion of Ron Stone's Retirement Dinner, and time for all present to hear of his many happy experiences and occasional misadventures in servicing bcu's early membership in the Bellinger Valley.

The Board and Senior Management of bcu put in an intensive weekend of strategic planning at Jacaranda Lodge from March 19-24, 2004. The workshop was facilitated by Frank Kopciwicz of Finmark Australia, and addressed many of the issues raised by an Environmental Scan, member and staff surveys and other research that had



bcu's Founding Chairman, Bill Ussher.

taken several months to complete.

A follow-up meeting was held on July 27, where the Directors adopted the Strategic Plan to 2009 with an aim to become one of the header 12 credit unions in Australia in that time.

Following on from a Board decision taken on December 2, 2002 not to extend the lease to ANZ at Toormina, and gaining control of the balance of the building in August 2003. Construction work commenced on the new Toormina branch late in March 2004 at a budgeted cost of \$267,025. The new premises were officially opened on 31st May 2004 by Cr Keith Rhodes, the Mayor of Coffs Harbour City Council.

It was with deep regret that the Directors and Staff reflected on the sad passing of our Credit Union's first Chairman and Member Number 1, Bill Ussher, on May 25, 2004.

Readers of the early history of bcu will recall that Bill served as Chairman for the first seven years, and as a very committed Director for another 10 years. He had maintained an avid interest in the Credit Union's progress right up until his death. In order to remind members of his selfless dedication, the Directors applied themselves to the search for a fitting memorial.

For the 12 months to June 30, 2004 the Credit Union made a profit of \$5,623,742. Membership stood at 50,477, assets at \$566,043,880, and outstanding loans at \$482,709,136.

Reports on bcu's presence at Casino's Primex and the Coffs Harbour 4WD Camping & Leisure Show were discussed at the July 26 Board Meeting, and the Directors decided that bcu should be represented again in 2005.

Ag-Quip at Gunnedah in August was deemed to be another successful promotion, with our representatives reporting that bcu was now well known and sought out by visitors with good prospects.

Pelican Beach Resort was the venue for the 2004 bcu Annual Conference where management who attended on September 18 & 19 enjoyed many role-playing, team-building activities and interaction with the Directors.

At their September 27 meeting, the Directors decided to allocate \$5,000 to the costs associated with incorporating 'Credit Baseline Pty Ltd' to further develop the Credit Risk Grading System that was instigated months earlier. Further expenditure budgeted at \$34,155 up front and \$6,831 per annum was approved on November 22, for software development and maintenance for the project.

Minor local flooding around Bellingen on October 20, 2004 restricted access to Bellingen branch and the phone loan centre. This provided a short, real-life test for the Business Continuity Plan creating the need for a number of improvements and adjustments to be introduced.

At the 34th Annual General Meeting on November 29, Directors W J Singleton, D B Guinness and M J Martin retired in accordance with the Constitution of the Credit Union and were eligible for re-election together with a new candidate, Mr P J Wardman. Subsequent to the resulting ballot, Directors W J Singleton, D B Guinness and P J Wardman were declared elected. The Chairman acknowledged the contribution of Micheal Martin to the Board and this was carried by acclamation.

At their meeting on December 11, 2004 our Directors decided to support the inaugural professorial Chair in Aged Services at Southern Cross University. Under the terms of the agreement with the university, bcu would provide \$87,500 over three years and receive naming rights over the bcu Neville Spear Chair in Aged Services (named after our founding General Manager).

On February 14, Colleen Cartwright took up the position of Foundation Professor of the Chair,



which also included being Director of ASLaRC (Aged Services Learning and Research Collaboration).

On January 31, 2005, the Board congratulated Mr D S Bevan, General Manager Finance & Administration, on the formalisation of his appointment as Deputy Chief Executive Officer.

After many months of deliberation, the final concept for a bcu Bill Ussher Agricultural Scholarship was approved by the Board on January 31, 2005. Director Michael J Spear was appointed as their representative on the selection panel.

## Bill Ussher was always at the forefront when it came to community service

Bill Ussher was always at the forefront when it came to community service, and the annual scholarship of \$5,000 was seen as the best way to honour one of the Credit Union's founding fathers, while providing financial assistance to improving the commercial viability of rural businesses. Fittingly, the scholarship was initially announced to the public on July 27, at the Southern Banana Growers Field Day held on the Knoblock property in South Boambee.

As the number of Lismore members using the branch at Ballina increased, in mid 2003 our Directors sought a suitable location to open a branch with an atm in Lismore. Although this was found and secured reasonably quickly, redevelopment of the site (budgeted at \$333,486) encountered many hurdles in the local government arena, and wasn't ready for occupation until March 21, 2005.

Port Macquarie branch jumped to the attention of the Directors with favourable comments from Members after Martin Grunstein (in his own special way) revitalised a number of business promotion principles for them at the members information night at Port Panthers on March 8. Other great news came later, that our staff member Kerry Marriott had been awarded 'Employee of the Year - Voters Choice' from the Hastings Region.

Around \$1.7 million was distributed to eligible Members on March 15, 2005 in the form of Bonus Shares. A dividend of \$40 was paid to full members and \$8 to junior members. When approving this dividend the Directors decided to suspend future dividend payments in this form, and to consider introducing Redeemable Preference Shares to enable all members to increase the level of capital invested in our Credit Union.

After considering the increased level of importance the management of risk deserved, the Board decided on March 29, to form a new Risk Management Committee, and return the Audit Compliance & Risk Management Committee to its former status as the Audit Committee effective from July 1, 2005. At the same meeting they approved the un-budgeted expenditure of \$25,344 for a note counter.

In order to address their concerns about conforming to APRA's proposed 'Fit & Proper Persons' and 'Corporate Governance' guidelines, our Directors instigated a program of Board Audit & Assessment at their meeting on May 30, 2005 and decided to pursue specialised training for the Audit Committee and Risk Management Committee.

Four days after the perpetrator's first offence in Lismore on June 10, 2005, bcu Lismore was the target of a hold-up. Thankfully, the staff involved, whilst shaken, were unharmed in the incident. The offender was later apprehended and appeared in court.

On June 17, following months of careful investigation and sensitive negotiation by Management and the Board, Big River Credit Union members voted in favour of merging with bcu.

Similarly, on June 20, again following months of sensitive negotiation and due diligence investigation by Management and the Board, our members voted in favour of merging with the Big River Credit Union, effective from midnight June 30, 2005.

Two new atms became operational in 2005. The first was conveniently located at the new Boambee Central Shopping Centre during April without much fanfare, but after the second was installed in the Coffs Harbour Airport Terminal in June, the mayor of Coffs Harbour City Council, Cr Keith Rhodes, commented publicly that it was a very welcome addition to the terminal, and a

great community service.

At their June 28 meeting, the Board appointed Director P J Wardman as the bcu representative on the ASLaRC committee.

Due to the positive vote for the merger, the Board also ratified the provisional resignations of two Directors to take effect from July 1, 2005. One was that of Mr W J (Bill) Singleton, Director for 14 years and Chairman for 7 of them, the other was that of the longest-standing Director of 23 years Mr R H (Roley) Palmer. Director G J Regan was elected to fill the vacant Chairman's position, and the resultant vacancy for that of Deputy Chairman was filled by Director G C Johnson (both by secret ballot).

For the 12 months to June 30, 2005 bcu made a profit of \$5,409,960. Membership stood at 49,230, assets at \$639,937,084, and outstanding loans at \$540,048,175.

If the Board and management of bcu thought that initiating the merger of the two credit unions, obtaining the acquiescence of the staff, approval of the regulator and both memberships was a complex task, its culmination and the events of the next chapter of bcu's development provided a different perspective.





# 2005-2006

Following the merger of bcu and Big River Credit Union on July 1, 2005, the first six months of the financial year were focused on the integration of products and the merger of the two databases over the weekend of November 26 & 27.

On September 20, 2005, the bcu Board approved the purchase of My View Point Business Banking for a total cost of \$46,640 which afforded improved functionality for businesses in internet banking.

Due to an ongoing threat of interruption to services from floods, November 2005 saw the relocation of bcu's phone centre from Bellingen to Park Avenue in Coffs Harbour. The opportunity was taken to relaunch the centre with a new name, bcu Direct, a new logo and more memorable telephone numbers (1300 bcu bcu or 1300 228 228 for bcu Direct and 1300 24 7 365 for phone banking and account information). With increased staff numbers, the capacity of the call centre rose to 6000-8000 calls per month and bcu Direct began offering products and services to an Australia-wide membership base.

On November 21 the bcu Board approved the purchase of Finance One Solution (GL reporting system) which among other things enabled bcu to instigate more accurate branch reporting / costings and more flexible board reporting.

On February 9 2006, long-time bcu member and director of 23 years, Roley Palmer passed away at the age of 73 after a battle with skin cancer. A banana grower from Korora, he moved to the area in the 1940s from Grafton where his father owned a brickworks. He also grew and exported kangaroo paw flowers.

Also, in February, bcu's long-standing human resources manager, Carol Ward resigned after 28 years of service with bcu.

On 28 February 2006, an upgrade of the Iluka branch was approved by the bcu Board. Work also included the installation of a new atm - the only 24-hour atm in the town.

Friday, March 17, saw the awarding of the inaugural bcu Bill Ussher Agricultural Scholarship. Created by the bcu Board to honour bcu's first member and Chairman, the late Bill Ussher, the

scholarship provided \$5,500 to a bcu family-run agricultural business to access further training, education and professional development.

The 2006 winners were mushroom farmers, Bronwyn and Graham Finch of Lakeview Fresh in Boambee, near Coffs Harbour. Not only were Bronwyn and Graham thrilled to receive the prize money, they were taken aback by the publicity the scholarship generated and the flow-on benefit to their business in terms of sales and additional contacts.

In December 2005 bcu was awarded a 'Best of the Best' award by *Money Magazine* for the Best Transaction Account - Non-Bank. This was the third 'Best of the Best' award from *Money Magazine* in three years.

Following this, in June 2006 bcu hit the national headlines when it was awarded five-star ratings across all four business lending categories by CANNEX, Australia's independent financial services research group. A five-star rating is the highest possible rating (indicating 'superior value') and bcu was the only lender in Australia to achieve this extremely high level of endorsement for both its secured and unsecured business loans and overdrafts.

On March 28, 2006 the credit union began testing their new bcu Visa credit cards. Testing took place over a trial period of 6 to 7 weeks, in preparation for their official launch in January 2007.

On April 26, 2006 the bcu Board approved the fit out of the Bi-Lo shopping centre in Bent St for the new South Grafton branch.

In summary, the year 2005-2006 was the first year of the merged entity between bcu and the Big River Credit Union which took effect on July 1, 2005. The merger was mutually beneficial to both organisations, and formed part of bcu's overall expansion targets within the five-year strategic plan.

The merger saw an overall increase in the number of branches from 16 to 20 after the consolidation of bcu and Big River branches in Park Avenue, Coffs Harbour and Grafton CBD. The merger also saw an overall increase in staff numbers from 192 at the

end of June 2005 to 226 one year later.

As always, bcu remained committed to the profit-sharing principles of the credit union movement and its community sponsorship program continued to be an important activity for bcu. Over the 2005-2006 financial year bcu returned a total of \$130,500 (or 2.6% of net profit) to the community through sporting, cultural and community sponsorships.

For the 12 months to June 30 2006 bcu made a profit of \$5,067,269. Membership rose 6,666 in the financial year to 55,896, assets totalled \$817,116,388, and outstanding loans stood at \$618,542,734.



Keeping up with the style of the day.



# 2006-2007

On August 1 2006, bcu signed a strategic partnership agreement with APSF (Australian Primary Super Fund) at the Pub with No Beer in Taylors Arm near Macksville. APSF Chairman, James Ferguson travelled from Western Australia to sign the agreement and was accompanied by several APSF executives and directors who flew in from Sydney, Melbourne and Canberra. Several original bcu directors and members were also present including Fred Bond and Norm Kelsey.

APSF (later renamed Prime Super) was created in 1987 to represent Australia's rural and pastoral workers. With around 170,000 members, the strategic partnership with bcu offered both organisations mutual benefits in expanding the range of financial services available to both sets of members.

For bcu, the alliance provided for the first time an Australia-wide platform for bcu's products and services, accessible through bcu's online and remote banking facilities.

The South Grafton branch relocated to new premises in the Bi-Lo complex in Bent Street in late August. Member for Clarence and bcu member, the Hon Steve Cansdell cut the ribbon at an unofficial opening ceremony held on Monday, August 21, 2006. With the South Grafton area undergoing a business resurgence, the new branch honoured a promise to South Grafton residents for improved and expanded banking services.

August 2006 also saw the roll-out of bcu's new staff uniform. Responding to members' requests for a 'New Look' and also bcu's expanded branch and staff numbers following the merger with BRCU, the new uniforms were chosen to complement and reinforce bcu's new products, brand and image.

For more than 20 years, bcu has sponsored the annual Earl Page College Coast Run which sees a group of UNE students complete a gruelling two-day relay run of 250km between Armidale and Coffs Harbour, finishing at the Coffs Jetty.

Over the years, many hundreds of thousands of dollars have been raised for children's medical research. In 2006 the run was completed over the weekend of September 15 & 16 and the tired

runners were greeted at the end of the run with a barbecue hosted by bcu.

On Wednesday, August 30, 2006 bcu opened its twenty-first branch in Bundall on the Gold Coast. The new branch was significant in being bcu's first move into Queensland and the spearhead for a concerted push to capitalise on the growth potential of the lucrative and fast-developing Gold Coast market.

bcu announced its revised and enhanced loyalty rebate program, effective from November 1, 2006. The new scheme offers rebates on many fees and charges based on the combined value of loans, savings and investments held with bcu, and rewards members on a sliding scale starting at balances of \$5,000 or more.

When the scheme was introduced, it was anticipated more than \$500,000 would be returned to members in the first 12 months. In the eight months to the end of June 2007, \$483,000 was returned to members in loyalty rebates.

The official opening function to celebrate bcu's improved South Grafton branch in Bent Street was held on Tuesday, November 21, 2006. The opening ceremony was attended by the Federal Member for Page, the Hon Ian Causley and Clarence Valley Mayor, Cr Ian Tiley. Around the same time, a major refurbishment of the main Grafton branch in Prince Street took place.

Early December saw the awarding of the second bcu Bill Ussher Agricultural Scholarship. Two award ceremonies were conducted: one in Bellingen on Friday, December 1, for winner, Desmae Harrison, an organic farmer from Megan near Dorrigo; and another at Port Macquarie on Monday, December 4, for runner-up, Steve Manton of The Big Oyster.

Following on from the opening of bcu's newest branch in Bundall, a new 24-hour atm was installed at the branch on December 4.

Another major capital works program was the installation and upgrades of atms across the whole network and a network-wide upgrade of the telephone system realising annual cost savings in the vicinity of \$230,000 pa.

In late 2006, bcu began offering home equity release mortgages (or reverse mortgages) through Australian Seniors Finance. Over the following 12 months the response was overwhelming with loans written in excess of \$1.7 million, indicating the popularity of this type of finance.

On November 27, 2006 bcu's Grafton branch moved back into its former refurbished premises in Prince Street, following temporary relocation to premises in Grafton Street.

Early December 2006 also saw bcu granted naming rights for the bcu International Stadium at Coffs Harbour. The three-year agreement with stadium owners, Coffs Harbour City Council was announced on December 4, and saw new signage installed at the stadium which boasts a world-class playing field and has contributed millions of dollars to the local economy since its construction in the 1980s.

At the same time as the renaming of the stadium was taking place, bcu also embarked on negotiations with the Jetstar Gold Coast Titans to become their official community banking sponsor and raise bcu's profile on the Gold Coast. Gearing up for their inaugural 2007 NRL season, Titans executives were excited by the prospect of a partnership with a regionally based community credit union in a large part of their geographic target market, and the partnership was announced in January 2007.

Keeping true to the principles of community banking, the bcu Titans Junior Development Program was established to support and encourage participation in sport. The program conducts school visits, workshops and training camps for children and young sports people up and down the coast.

And finally, in what was a very busy month for bcu, the first issue of the quarterly magazine, Let's Talk was distributed to members in early December 2006.

The second six months of the 2006-2007 financial year were focused on establishing and consolidating the new alliance with Prime Super. As the preferred provider of banking services to one of Australia's largest super funds for rural and agricultural workers and businesses, we were now poised to become a national banking provider. During this period, bcu launched a bcu/Prime Super co-branded website for Prime Super members.

January 2007 saw the launch of the bcu Classic and Bonus Rewarder Visa credit cards. The cards offer competitive interest rates, low annual fees and, with the Bonus Rewarder credit card, an innovative rewards program where you can redeem points via EFTPOS outlets throughout Australia.

In early 2007 bcu introduced a new remote membership category: bcu Direct membership. This was designed to increase bcu members' access to our products and services regardless of where

## December 2006 also saw bcu granted naming rights for the bcu International Stadium at Coffs Harbour

in Australia they live and to retain members when they move out of the area.

On February 6, 2007 bcu signed a memorandum of understanding with NECU regarding the merits of a merger. Both parties agreed that a merger between the two credit unions could be beneficial to the members of both organisations. It would have created the eighth largest credit union in Australia. However, following due diligence procedures and meetings of the two credit union boards, it was decided not to proceed with the merger and it was subsequently abandoned late in 2007.

February 12, 2007 marked the Centenary of the Coffs Coast Advocate, with bcu a platinum sponsor of centenary events throughout the year, including the Centenary Fair held on Sunday, February 11, 2007.

On February 17, 2007, the Jetstar Gold Coast Titans travelled to Coffs Harbour to play their first trial game against the Melbourne Storm at the newly-renamed bcu International Stadium.

bcu also took this opportunity to launch their new bcu Titans Community Saver Accounts. Based on similar and very successful savings accounts developed for soccer fans in the





UK, these community saver accounts offer an attractive rate of interest and once a year bcu donates the equivalent of 1% of the average annual balance held in the accounts to the bcu Titans Junior Development Program. The bcu Titans Community Saver Account is one of several Titans-branded products developed by bcu, which also include home loans and credit cards.

It was envisaged that the new bcu community saver accounts would be offered to community groups across bcu's branch footprint to assist them in raising funds and thereby substantially increase the amount of money bcu returns to the community by way of its sponsorship program.

Following on from bcu's success the previous year, in March 2007 bcu was for the second time in a row awarded a five-star rating ('superior value') across all four business lending categories in a national banking survey published by CANNEX, Australia's leading independent financial services research group.

bcu also received five-star and four-star ratings

## The number of branches increased to 21 and staff numbers rose from 226 to 234

('exceptional value') for several other products, indicating the high level of national recognition for bcu across its whole product range.

In late March 2007 the bcu Board agreed to make two significant local donations - \$4000 towards the repair of the Macksville town clock, and another \$4000 towards the repair of the Bowraville town clock.

bcu's phone centre, bcu Direct moved into bigger premises in Gordon Street, Coffs Harbour in order to accommodate increased staff numbers as a result of rising call volumes. The number of calls handled by bcu Direct increased 14% over the year before, and the call abandonment rate continued to fall to 3.3%, well below the industry standard average of around 10%.

After less than three years since it was opened,

bcu's Tweed Heads branch won a major business award in June 2007. At the annual 2007 Tweed BEX Business Awards on 22 June 2007, bcu Tweed Heads took out the award for best professional business with under 10 staff.

In a ground-breaking initiative, the bcu Board approved the introduction of 'community leave' for bcu staff - a leave initiative giving staff access to one day of leave to participate in an approved community activity. In addition, the bcu Board approved the introduction of one day's 'well leave' as a day for staff members to spend time with family or do something to increase their personal wellbeing. A type of leave believed to be unique to bcu, 'well leave' was intended to assist in attracting and retaining high-calibre staff.

For bcu, community sponsorships continued to be an important way in which the credit union returned profits to the community. To this end, in 2006-2007, bcu returned \$431,301 to the community via sponsorships to over 130 groups, or 8.29% of net profit.

For the 12 months to June 30, 2007 bcu made a profit of \$5,201,085. Membership stood at 55,630, assets at \$860,384,742, and outstanding loans at \$649,660,984. As at the end of June 2007, 840 members had converted to bcu Direct membership.

Notably, there was a significant increase (an additional \$12.5 million) in deposits to retirement savings accounts in response to changes to superannuation laws introduced by the Australian Government on July 1, 2007.

The number of branches increased to 21 and staff numbers rose from 226 to 234.



# 2007-2008

A major jointly-funded business initiative was announced on July 12, 2007. In a three-way funding arrangement between bcu, the Federal Government and Southern Cross University, a series of workshops on strategic thinking were held at various locations on the Mid North Coast by Dr Steve French from the Coffs-based Business Strategy Corporation. The workshops aimed to provide practical management skills for small-business owners and operators through hands-on seminars and follow-up mentoring.

In August an essential upgrade of atms took place across the bcu network with new colour screens and touch pads installed in most atms. These machines had become a very visible form of corporate branding and an important point of contact with members and non-members, providing significant income for bcu.

The last weekend in August saw the staging of bcu's annual management conference at the Pacific Bay Resort in Coffs Harbour. The general consensus from all attendees was a resounding 'thumbs up'. Keynote speaker, Colin James delivered an extremely well-received, powerful presentation on change and its effects on people in the workplace and at home. This was recorded and provided to all staff.

In September the North Coast Computer Project (NCCP) based in Maclean received 19 boxes of redundant bcu computers to be refurbished and provided to charitable organisations and other eligible recipients. bcu spent \$2.8 million in the financial year upgrading IT hardware and software.

With media comment increasing with regard to the US Sub Prime Market crisis and the business practice of 'non-bank' lenders, bcu placed full page advertorials in all regional newspapers in September to educate the public about the facts of the 'crisis' in every-day language.

This article explained how bcu was not directly affected by the US Sub Prime crisis because our loans were not funded from overseas, but from our own member deposits and profits. We used the opportunity to clarify that as an Authorised Deposit Taking Institution bcu was regulated by APRA and governed by the Banking Act, just like the banks. This education campaign continued on bcu's website and in member newsletters for the remainder of the year, and was the focus of a successful 'Don't Get Stung' marketing campaign in January and February.

Because our members continued to invest in bcu, it was less reliant on overseas funding than the banks. This meant that bcu could - and did - protect borrowing members from the higher level of regularly increasing loan interest rates as much as possible, and retained rates consistently lower than the major banks. Lending increased by 12.2% to \$749 million. This initiative however, coupled with increasing deposit rates towards the end of the financial year, contributed to a reduction in year-end profit - providing further proof that members came before profit with bcu.

The result of the third annual bcu Bill Ussher Agricultural Scholarship was announced at the bcu Pro-Ag Mid-Coast Field Day on Friday, October



5, 2007. Tim Zirkler of Premium Rhones Creek Blueberries near Macksville was the major prize winner, and Rosalie Nowland of Summerland Pecans near Nana Glen was the runner-up.

November 1, 2007 was the anniversary of the introduction of bcu's loyalty rebate program with an impressive \$675,000 in fees and charges returned to members in the first 12 months. This increased to \$714,408 for the full financial year or the equivalent of 15.94% of net profit for the year.

Also in November, Shannon Walker, a young and promising indigenous NRL player from Kyogle near Lismore was named the inaugural 2007 bcu Titans Junior Player of the Year. The bcu Titans Junior Development Program was set up in early 2007 to promote junior rugby league, as well as teamwork and healthy lifestyles among young players across the region. Although only 18, Shannon already had some impressive career wins before joining the Titans Junior Development Program, including being selected for the 2006 Queensland Schoolboy team and Australian Schoolboy Tour of Britain. He proved to be a fantastic ambassador for the Titans Junior Development Program, making many guest appearances at bcu functions supporting junior rugby league and promoting bcu Titans Community Saver Accounts.

That same month saw two bcu Board-approved sponsorships come to fruition. As reported in the previous chapter, the board approved two separate \$4,000 sponsorships for the repair of the Macksville and Bowraville town clocks. The Macksville repairs were undertaken by the Macksville and District Chamber of Commerce and the Bowraville repairs were managed by the Bowraville Lions Club. Both projects were completed to local applause.

Following seven years as Director of Big River and bcu Boards, Peter Ellis tendered his resignation from the bcu Board effective from December 19, 2007.

In January bcu announced that a new discount wills directory was available on its website. Designed to complement the existing member-to-member discount program, the directory promotes the services of solicitors who offer bcu members a discount on the cost of the preparation of their wills.

Also in January, the newly constituted staff focus group held its first meeting. The concept arose from an earlier staff survey which indicated a level of

staff dissatisfaction with the current channels of internal communication. This initiative received the full support of the bcu Board, and staff membership of the group was entirely voluntary.

At its first meeting, the focus group renamed itself the "MAD" Team, or the "Making a Difference" Team, and took upon itself the broad challenge of bringing down the barriers to effective communication and creating a better sense of teamwork and participation across the whole organisation.

In February, long-serving senior executive, Graeme Green announced his retirement to take formal effect from July 1, 2008. Graeme took advantage of accrued leave entitlements, and effectively finished his employment with bcu on February 22. While not an 'old' man, Graeme was an icon in the credit union industry and must be congratulated on his dedicated service to both Big River Credit Union and bcu over the past 29 years.

At its February meeting, the bcu Board made a special presentation to CEO Ray Battle, to commemorate his 20 years of service. When Ray joined bcu in February 1988 we only had five branches and atms would not be introduced to the Credit Union until 1995. Membership stood at 14,798 and assets totalled \$31.6 million.

In March 2008, bcu held a gala business dinner at the Pacific Bay Resort in Coffs Harbour to great acclaim by all 300 who attended, which included Titans executives and players, bcu staff and business members. For many, it was a great opportunity to put a face to a name, to meet bcu staff and to network with other business people through their common affiliation with bcu.

After giving consideration to the likely retirement within two years of both the Chief Executive Officer and Chief Financial Officer of our Credit Union, the Board set about the task of indentifying possible replacements early in the financial year.

A suitable candidate was found in Lyndon Kingston, Head of Northern Region for APRA - effectively the regulator for our Credit Union (and all ADIs in Queensland and Northern NSW), and his services were acquired.

Subsequently, David Bevan, bcu's CFO and Deputy CEO, announced his retirement in April to take effect on June 20, 2008. Always popular with members and

staff, David's contribution to our Credit Union over his 12 years service was incalculable, so was his even longer contribution to the credit union industry as a whole. David agreed to work as required until August 12, to hand over the reins to the new Chief Financial Officer, Lyndon Kingston, and (following his return from an overseas trip) would continue to be available on a casual basis, as needed.

On April 30 the bcu Board agreed to the establishment of a new branch in Murwillumbah on the Far North Coast of NSW, increasing the number of bcu branches to 22. The intention was to expand the South Tweed footprint to include growth areas such as Kingscliff and Pottsville.

bcu scored another CANNEX five-star rating in May 2008 when Australia's leading independent financial services research group, CANNEX, released its six-monthly credit card star ratings report. A total of 279 cards from 71 institutions were analysed and weighted across four

## In total, bcu returned to the community \$367,000 in sponsorship

categories: habitual spender - everyday spender - impulse spender - big spender. bcu's Classic Visa credit card was awarded five stars (superior value) in the category of 'habitual spender'.

In May bcu announced to members that security tokens were available for purchase by all registered bcu *iBank* users. With the worldwide risk of internet banking fraud increasing rapidly, the Board had been investigating many new measures to increase the safety of members' financial details when transacting over the internet using *iBank*.

One of the measures adopted was the Verisign security token, being a small, easy-to-use electronic device that generates a unique one-time number each time the member logs into *iBank*. bcu subsidised the purchase cost of the tokens for members and covered the full cost of the annual fee.

In late May, Macksville High Year 11 student, Samantha Ryan, joined bcu as part of an innovative business traineeship. Over the ensuing 18 months, Sam should have received on-the-job training and work experience, which would be the basis for part of her HSC assessment. Sam was one of 36 trainees

working within different areas of the credit union at the time, demonstrating bcu's commitment to local recruitment and creating job prospects for young people in our region.

Following the launch of security tokens for members in May, bcu continued to expand its suite of new internet security measures. It announced an Australian first by being the first banking institution to offer new multi-award-winning security technology, TrustDefender. The media launch of the software took place in Sydney on 26 June at an industry internet security conference entitled 'Combating multi-channel banking fraud in an increasingly connected world'. This generated a lot of coverage in the national and overseas press.

Purchase of the TrustDefender software was approved by the Directors at their meeting on February 27 to provide a third layer of internet banking security for members to download from the *iBank* login page at no cost.

On Sunday, June 29, the Jetstar Gold Coast Titans re-launched its Titans Community Saver Account (CSA) at Kurrawa Surf Lifesaving Club on the Gold Coast at a well attended Titans Family Fun Day. Titans' players were present to provide support, with Luke Bailey, Jordan Atkins, Billy Ngawini, and Luke Swain signing autographs. Team mascots, Blade and Turbo, had their pictures taken with fans; the Titanettes provided dance entertainment and the bcu Titans Junior Development team held squad training in the park. Michael Searle, CEO, and John Cartwright, Coach, of the Jetstar Gold Coast Titans put in appearances and spoke highly of the bcu - Titans relationship on local radio providing significant publicity for bcu in this new market.

For the 12 months to June 30, 2008, bcu made a profit of \$4,392,233; membership stood at 54,991; assets at \$906 million and outstanding loans at \$749 million. In total bcu returned to the community \$367,000 in sponsorship over the 12 months or the equivalent of 8.36% of net profit.



# 2008-2009

In early November 2008 CEO Ray Battle announced his impending retirement from bcu with Lyndon Kingston taking over the role of Chief Executive.

Lyndon came to the credit union from APRA, the organisation responsible for overseeing the governance and prudential operation of banks, building societies and credit unions. A Chartered Accountant with 20 years' experience within the banking and commercial sector, Lyndon looks forward to helping drive bcu's success well in to the future.

bcu's 38th annual general meeting was held at Urunga Bowling Club on November 24, 2008.

On December 1, 2008 bcu launch Yourtutor in Grafton for use by school students in the Clarence, Bellinger and Nambucca Shires. The official launch, was held at the Clarence Regional Library.

The following week bcu Chairman Gerry Regan signed a Memorandum of Understanding with North Coast TAFE formalising a joint commitment from both organisations to sustainable local solutions for vocational training, financial literacy and environmental performance.

In December, bcu was thrilled to take out two accolades in the *Money* magazine Best Of The Best Awards for 2009. Nominated in four non-bank categories, bcu was judged as having the Best e-Transaction Account and Best Transaction Account for its personal savings account created for everyday banking.

bcu was also a finalist in two additional categories: Best Line of Credit Loan for the All-In-One Premier Loan; and Cheapest Low-Doc Loan with No Credit Impairment for the Low Doc Home Loan.

Also in December, bcu delivered an early Christmas present to members by passing on the Reserve Bank's 1.0%pa rate reduction on new and existing business and home loans.

And in the week before Christmas, bcu brought its total number of branches to 23 with the opening of two new-look branches, bcu Murwillumbah and bcu Beaudesert.

Also in December the number of bcu Community Saver Account recipients had grown to 57 with a

375% increase in CSAs in a year.

After a quiet start to 2009, February brought yet another interest rate reduction of 1.0% pa followed by the announcement that bcu had gained a 5-star Cannex rating for its Business Overdraft - Secured product.

February and March saw the introduction of bcu's new Vision and Values at staff roadshows across the branch network. bcu's Vision is "To be the best people locally, to talk to about money".

Staff at the new Beaudesert branch celebrated an official opening with a family fun day featuring a highly-successful appearance by players from the Jetstar Gold Coast Titans .

March also brought the introduction of atm direct charging which brought about changes to the bcu Direct membership to ensure remote members were not disadvantaged.

The Jetstar Gold Coast Titans spent a week in Coffs Harbour in preparation for the opening of the 2009 season.

# 2009- 2010

bcu started the financial year getting back to basics with our members by launching a Member Care program, run by Member Care Officer, Veronica Lane. Our longest-serving staff member, Veronica, relished the opportunity to phone new and long-time members to gain a greater understanding of their needs, concerns and likes and dislikes of bcu's service and products. The information is helping us to create more effective products and services.

July 2009 also saw our events calendar kick into gear with staff from Lismore and Ballina branches spreading the word about bcu at the Lismore 4WD Caravan, Camping and Marine Show with more than 15,000 visitors attending the event.

August was an exciting month with the \$7,700 bcu Bill Ussher Agricultural Grant awarded to a young Dorrigo fodder-crop farmer, David Gibson. The presentation was held in David's home-town so that he could accept the award in the company of his closest family and friends. Likewise, runners-up Brett, Leanne & Emma Warne of the Jembrae Doughtmaster Stud near Casino accepted their \$3,300 grant at a ceremony on their property.

bcu Pro-Ag in Macksville was once again a place for locals to access the latest information in farming innovation and technology and bcu was proud to again take naming rights and host a stall at the event.

In September bcu began a pilot program to look at the most effective way to streamline our lending processes. Work on the project continued in the months to come and as the financial year drew to a close many examples of process re-engineering which came out of the pilot were being implemented.

The culmination of 40 years of growth was celebrated in November with bcu inviting members back to where it all began - The Pub With no Beer, to celebrate bcu reaching \$1billion in assets. Members joined with past and present staff and directors to share lunch, enjoy a live band and reminisce about the bcu's early days.

There was also cause to celebrate in Coramba as the branch celebrated its 20th anniversary with an official cake cutting and face painting for the kids.

November saw high school students from across the Clarence attend the bcu-sponsored RYDA driver safety and awareness program, developed by Rotary Clubs as a way to keep our young people safer on the road. With the state of the Pacific Highway an issue affecting the length of bcu's branch footprint, bcu through its support behind this day of workshops, lectures and sessions with police, driving instructors and the survivors of motor vehicle accidents.

Also in the Clarence, bcu opened its branches as collection points for the Variety Club Christmas toy

## bcu began a pilot program to look at the most effective way to streamline our lending processes

appeal, with hundreds of children from across the region receiving gifts to brighten their Christmas.

December saw the launch of another Member-focused initiative - Straight To the Top, an email link that for the first time, put members in direct contact with bcu Chief Executive, Lyndon Kingston. This popular initiative has resulted in feedback from members on everything from *iBank* to the bcu website and sponsorship and has given the bcu executive increased clarity around the issues that affect our members.

2010 began with bcu committed to supporting a sport which has captured the hearts of many of our members from across the region - horse cutting. The bcu events team made an impression at the Eastern Falls Cutting Events Armidale Futurity, and later in the year took naming rights at the bcu Uralla Stakes.

In February, bcu introduced VoIP telephone technology, a move which allowed bcu's entire branch network become the call centre.

And while the phones were running hot, the bcu Board of Directors made its way to Port Macquarie, for the first ever bcu regional board meeting - aimed at increasing the relevance of our brand, products and services to the towns and cities we serve.

February saw bcu “bring back the banana” with a lively Term Deposit campaign that saw staff wear sandwich boards and “bananarise” our branches to promote a great Term Deposit offering. Who can forget that tiny voice on the radio telling banana jokes?

In March bcu got behind the Member for Cowper Luke Hartsuyker in his annual charity bike ride to raise money for the Disabled Surfers’ Association. March also saw the end of an era with the phasing out of the Big River Credit Union BSB, streamlining all bcu members under the one access code.

A further tier of security was added to online transactions with the launch of TrustDefender V2, which included many modifications flagged in feedback from bcu members.

In April, bcu joined in celebrations of the opening of a new building for the Coramba Rural Fire Brigade’, while May saw long-time bcu member Nambucca Glass realise a life-long dream with the opening of a brand new factory and showroom.

bcu wrapped up the financial year with another regional board meeting in Grafton and by donating more than \$70,000 to the worthy Community Saver Account recipient groups across the region. Schools, Surf Lifesaving Clubs, breast cancer support groups and sporting clubs received a welcome boost to their accounts, in the third year of this valuable community initiative.



# 2010 - 2011

This was a busy period of change and regeneration for bcu with many new projects coming to fruition with the aim of improving products and service for bcu members.

bcu had underinvested in IT infrastructure over the years and this was starting to impact on the availability or 'up-time' of our core banking system and *iBank* for members and staff. This was a critical function needing improvement.

bcu elected to have IT equipment hosted by a specialist IT firm, as it was more effective than bcu investing in new IT infrastructure. In addition, managing IT equipment is a specialist field not within our core business. Importantly, contracting with a firm based in Sydney enabled bcu to mitigate the risk of a localised event damaging our ability to operate our systems (e.g. due to floods, fire).

The atm network had also been underinvested in for many years with bcu running an aging atm fleet which was increasingly 'down' with service issues meaning people were unable to readily access their money. 90% of the existing atms were replaced with new machines to align with bcu's new branding. In addition, bcu has expanded its atm network, giving bcu greater brand coverage and members greater access to their money across the region. We consider this confirms bcu's commitment to growing and investing in banking services across our region. More atm installations were planned for 2012.

bcu's branding had become inconsistent over the years with many branches having different signage, branding and fit-out. Additionally, some of our branches were not located in good sites which impacted our ability to promote the bcu brand and provide convenience to members. We had lost sight of bcu's origins in our inconsistent branding, and by rebranding we not only refreshed bcu's brand, but also were able to recognise the origins of bcu.

In line with the new brand, bcu's uniform was updated with a more modern and professional uniform.

The year also saw bcu investing in our traditional regions while balancing our investment in new regions, through refreshed and modern branches, providing better functionality, comfort and safety for members and staff. We completed the following over the last 12 months:

- Opened a new branch in Pottsville and a lending office in Mudgeeraba
- Relocated and opened 5 existing branches in Murwillumbah, Ballina, Grafton, Nambucca and Macksville
- Refurbished 3 existing branches in Beaudesert, South Tweed Heads and Northside
- Introduced dedicated business banking functionality in several of our larger branches thereby reinforcing the importance of our business offering

The year also saw the training of more staff to assist members with credit card and personal loan applications in our branches, and on average, the turn-around time for approval of these loans was considerably improved.

Work was done on outsourcing bcu's mortgage documentation preparation for housing lending to a industry specialist legal firm. This was considered an important step for bcu given the increasing frequency of changes to legislation, the increasing complexity of compliance requirements and the legal risk placed on bcu. This change initially caused some disruption to the timeliness experienced by members in receiving loan documentation but we worked to overcome this.

While not viewed positively by all, Head Office and associated functions were moved to Coffs Harbour where we worked on consolidating support functions across the region. This decision was made in the best long-term interest of bcu. bcu is much larger than it was 10 years ago and the regulations governing bcu's operations are far more onerous, which is understandable given what bcu is licensed to do - to provide efficient, effective and secure banking.

Such decisions will not always align with what may be considered to be in the best interests of a community, such as this decision, which was the catalyst for concerns and anger by the Macksville and Nambucca communities, which is understandable given the loss of jobs and history to the region, where the Bananacoast Community Credit Union was founded. This has been a painful period in bcu history for all impacted staff and members of the community.



The year saw the abolition of many fees, including charges associated with loan arrears, loan arrears penalty interest rates, credit card over limit fees and we have halved dishonour fees.

bcu streamlined the member account opening process, improving the experience and speed of account opening for new members and for staff.

A loyalty discount system was introduced on bcu personal loans - an existing member may be eligible for a discount of 1% off the carded interest rate and a discounted establishment fee.

It was at this time that bcu also introduced a Founding Member Loyalty Program for bcu's founding members (including Big River Credit Union members), to honour the Credit Union's origins and try to give something back to those people who were instrumental in progressing the Credit Union in the very early days.

## Our main challenge as we grow is to make sure bcu has a value differential from the banks

bcu's business Line of Credit once again won a top award from *Money* magazine and our transaction saving account also received acknowledgment.

Specialist commercial lenders were recruited across our network to support businesses that we may not have previously traditionally have been able to service, adding a further tier of service for the benefit of bcu members.

During the year there was repeated concern from some members that bcu was "becoming more like a bank" - and it was recognised that, in many ways bcu was. This is in a large part owing to the requests of members. We say this in the context that our members ask us to compete on price with banks and in most cases, expect us to better the banks. Consequently, we are finding that member loyalty is becoming harder to earn and price is becoming an increasingly deciding driving influence for members, which is understandable.

In addition bcu is regulated under similar prudential standards as the banks. So by default, we are becoming more like a bank however, the challenge for bcu is to become more efficient than the banks, given banks are much larger and have better economies of scale and cheaper access to funding and capital than bcu does. This is largely the reason that bcu has to grow and become more efficient - to better enable bcu to compete as a business in the long term. We need to ensure bcu grows to offset the increasing costs of doing business including technology and compliance requirements from regulators and government, and to counter the reduction in income associated with increasingly aggressive competition.

At this point in time, bcu had a high concentration of deposits and lending geographically concentrated to the Coffs Coast. This was both a strength but also a risk, in terms of bcu's high exposure to regional specific events, such as natural disasters, and the health of regional businesses and economy. From a management and regulatory perspective, this risk needed to be diversified so bcu is less exposed to regional specific events.

In the traditional regions of Nambucca Valley, Bellinger Valley and Coffs Harbour, deposits from members were much greater than loans to members, and we have a greater percentage of members aged older than 50 years. This is a strength, but as bcu generates revenue from lending, bcu needs to lend money to cover the cost of paying members interest on those deposits to cover the cost of bcu's operations, and earn a return for future investment.

Accordingly, it is recognised that bcu must grow and lend outside of these traditional regions to ensure bcu continues to grow as a business and thereby securing bcu's future.

Our main challenge as we grow is to make sure bcu has a value differential from the banks.

In driving bcu forward, the aim is to bring a more competitive and viable approach to fair go banking for bcu members. At the same time, a more professional and disciplined environment was being developed where staff can expand their career opportunities.

# 2011-2012

bcu continued to provide tangible benefits to its members by delivering on its fair go banking promise through the introduction of fee-free deposit and transaction products, giving members greater choice and potential to save money.

bcu's basic access and business basic access are aimed at people and businesses who prefer to bank online and withdraw cash using eftpos, while the new business saver encourages businesses to attract a higher rate of interest on their savings while banking online.

A dedicated product for children, 'Scoot's super saver' was introduced that encourages and rewards them for adopting good saving habits.

The year saw increases to the access privileges on certain transaction products while reducing the monthly fees charged, providing a further benefit to members. In addition, bcu reduced its annual fees on credit cards.

There were further improvements introduced to make banking with bcu more convenient for new and existing members. bcu Apply Online was one such initiative that made it possible to open most savings and transaction products with ease online.

One of the major achievements for the year came in the opening of bcu's flagship store at Park Beach Plaza, Coffs Harbour.



Scoot's playzone welcomes bcu's youngest members at the flagship store.

With warm contemporary finishes and an open, modern feel, the store's interior has instant impact, with generous features and superior technology.

Incorporating a series of zones that are both functional and inviting, the store invites customers in with a café, internet zone, Scoot's play zone, lounge area, meeting rooms and technology all with the aim of making banking easier, more convenient and enjoyable. The new flagship store also saw members invited in to use the internet terminals, open products online or move money electronically.

The 2011 bcu Bill Ussher Agricultural Grant was awarded to Blue Dog owner Glenn Donnelly in recognition of his strong innovation, his vision for his own business and the industry, and his ability and willingness to share successes and techniques with farmers from within and outside his industry.

A board member of the Australian Tea Tree Industry Association, Glenn used the proceeds to conduct further research into developing commercial quality strains of tea tree that will result in optimum yield per hectare, allowing Australian farmers to better compete with production from Chinese competitors.

Also impressing the judging panel, apiarists, Alan and Merridy Wray of Coffs Coast Honey were awarded the runners-up award for their dedication and passion for the beekeeping industry and their ability to inspire and teach other apiarists.

Through research initiatives and adopting new techniques, the judges felt that Alan and Merridy could gain valuable insight into best practices and potentially improve genetics in honey bees to combat the threat of disease, pests and chemicals, benefitting not only their business, but the beekeeping industry as well.

Alan and Merridy are using the Grant to research improved genetics in honey bees and queen breeding, in an attempt to both reduce the threats facing the apiary industry, but also to provide greater income streams and sustainability to their business.

While growing and improving bcu's fair go banking offering, the year has seen bcu's ongoing commitment to contribute to initiatives across the region offering real benefits to the people who live and work here.

Contributions to the region included:

- The ongoing provision of free online tutoring to all child and student members through yourtutor
- Sponsorship of bcu international stadium, a venue which brings thousands of state and national competitors, and their families, to the Coffs Coast each year
- bcu's Community Saver Account (CSA) program saw more than \$77,000 given back to groups, clubs and schools across the region to ease the fundraising burden on groups and organisations who provide a valuable service and contribution to our region

While sponsorships included The Macksville Gift, bcu ProAg, The Mid North Coast Disabled Surfers' Association and the Macleay Vocational College through the Luke Hartsuyker Charity Bike Ride, The Coastal Country Music Festival and the bcu Coffs Coast Cycle Challenge.

The later part of the year saw bcu announce that it would be the headline sponsor of the bcu Coffs TRI triathlon to be launched in March 2013.

The past 12 months had seen the Australian economy weakened from the flow-on impact of the global recession and political turmoil in Europe with economic growth cut by precautionary savings from households, weak investment from businesses and the withdrawal of capital by investors and banking institutions.

Recent economic data for Australia confirmed that consumers and businesses remain cautious, and that households are experiencing stress from rapidly rising utility costs, relatively high debt levels and employment uncertainty.

Unemployment in Australia has been under pressure due to the impact of weak economic conditions and a high Australian dollar. Business and consumer confidence remained soft, along with consumer spending, housing and business investment.

Many business segments outside of those

related to mining experienced tough trading conditions as a result of the decline in consumer confidence, higher Australian dollar, tighter capital requirements and households tightening their budgets.

The last 12 months had seen a number of well-known businesses fold. With this uncertainty households are saving at rates not experienced for many decades, and similarly the demand for loans is at low levels not experienced in many decades.

These subdued economic conditions led the Reserve Bank of Australia (RBA) to decrease the official interest rate numerous times to 3.5 percent as at Sept 30, 2012. During this period of decreasing interest rates, bcu's focus was to strike a balance between the competing needs of depositing and borrowing members and profitability for bcu. The last 12 months were characterised by some of the most competitive conditions for raising deposits from households. It was a period which also saw changes in deposit rates being out of step with changes in the official interest rate by the RBA. In offering competitive term deposit rates, bcu is conscious of working to pass on to borrowing members as much of the RBA interest rate reductions as possible.

bcu offered some of the lowest lending interest rates in the market offered by a full-service banking institution. This however was achieved by bcu absorbing higher expenses which impacted adversely on bcu's profit.

The past year also saw the government tightening regulation around the banking sector, adding significantly to the cost and restricting the way that bcu offers lending and banking products and also the way in which financial advice can be given.

The regulations governing the skills, experience and propriety of people employed to manage and be on the Board of bcu are now much more onerous and place a legal obligation on bcu.

As a result bcu's primary focus was to attract management and directors with the appropriate skills and experience now demanded and which are compatible with bcu's strategy and position in the banking industry. As a result of bcu's adherence to legislation, decisions regarding the management of bcu may sometimes seem at odds with the origins of the credit union and expectations of communities, but at the core of these decisions is

the importance of building a sustainable business so bcu can continue to provide a fair go banking alternative, as our founders set out to do in the early 1970s.

bcu managed the challenging environment of the previous financial year by focusing on growing and continuing with the program to significantly reinvest in the business to rejuvenate an aging network of branches, atms and internet banking services that had not been invested in for many years. This included bcu modernising, relocating and adding more services to 17 of its stores and offices for the convenience of customers and members.

Stores and atms were opened on the Sunshine Coast Queensland to service a growing membership in that region.

bcu continued adding new atms to its representation, more than doubling the number of atms from Port Macquarie to the Sunshine Coast in the previous 3 years, making it more convenient for people to access their money. In the region of Macksville, Coffs Harbour and Grafton, bcu added an extra 11 atms in total.

bcu gave a dedicated focus to improving internet banking functionality so members can do much more of their banking online. This was an important development for bcu as the volume of business wanting to be done by members via internet banking was increasing each year.

In addition to these initiatives, bcu prudently increased provisions for doubtful debts, providing a stronger coverage for any unexpected increase in loan defaults. This provision provides a higher level of strength to bcu's balance sheet and increased security for member deposits.

2012 saw bcu Deputy Chairman, Peter Dunstan and long-serving Director and Chairman, Gerry Regan retire.

A Director since 1988 and Chairman from 2005, Gerry, a retired engineer, brought a strong focus on product and service improvement to the Board of bcu through the provision of professional and fair banking services. As Chairman, Gerry was dedicated to setting a strategic direction for the benefit of all members.

Upon Gerry's retirement, Grant Wallace, a Director since 2009, became bcu's new Chairman bringing with him a strong corporate governance and

financial management understanding as a result of 30 years' experience in the accounting profession advising medium and large family businesses coupled with post graduate development in taxation, finance, financial planning and corporate governance. He continues to advise family-owned businesses in a range of industry sectors such as agriculture, engineering, medical and property.

Taking over the role of Deputy Chairman was Director since 2010, John Hoey. John has over 40 years' experience in the Banking and Finance industry with a wealth of knowledge spanning retail banking, commercial banking, insurance and financial services as well as broad experience in the area of customer service. Through his involvement with the Australian Institute of Management as a past Director and Chairman, John also brings insights into best practice corporate governance and the importance of attracting, developing and retaining talented people to enhance organisational capability.





# Former Board of Directors



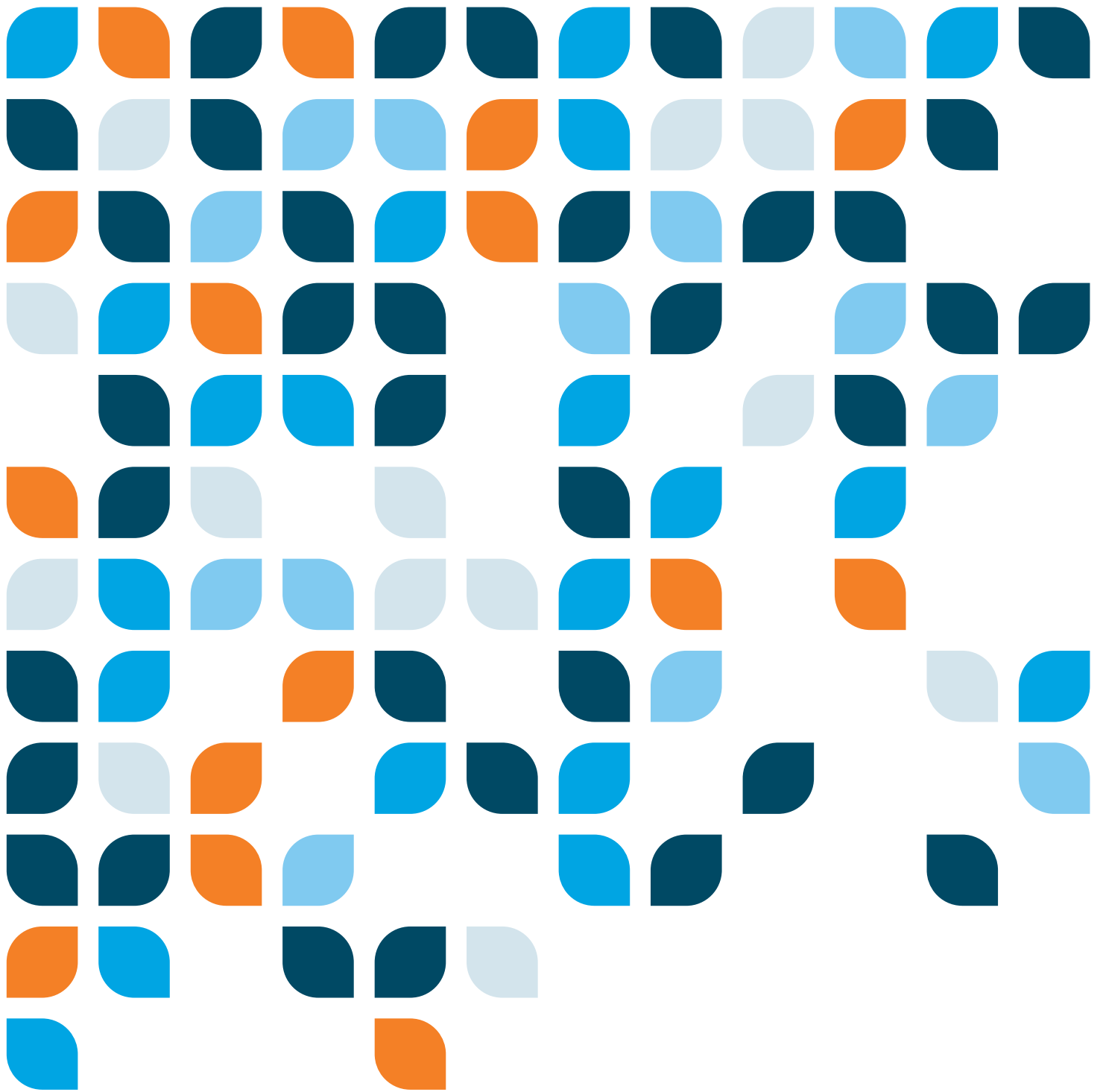
# Former board of directors

Former Chairman		
Chairman	Year First Elected	Year Retired
Hugh M. (Bill) Ussher	1970	1977
Bruce E. King	1977	1984
Norman E. Kelsey	1984	1998
William J. Singleton	1998	2005
Gerald J Regan	2005	2012
Former Deputy Chairman		
Deputy Chairman	Year First Elected	Year Retired
Frederick G. Hughes	1970	1971
Norman E. Kelsey	1971	1984
Kevin F. King	1984	1986
Bruce E. King	1986	1987
Roland H. Palmer	1987	1990
William D. Page	1990	1991
David B. Guinness	1991	1997
Gerald J. Regan	1997	2005
Geoffrey C. Johnson	2005	2007
Peter J. Dougherty	2005	2010
Peter E. Dunstan	2010	2012
Former bcu Directors		
Director	Date First Elected	Date Retired
Arthur Hanstock	18th September 1970	30th August 1971
Frederick G. Hughes	18th September 1970	30th August 1971
Malcolm E. McPhail	18th September 1970	26th September 1972
Stephen O. McCudden	18th September 1970	17th September 1973
Harold D. White	18th September 1970	13th December 1977
Hugh M. (Bill) Ussher	18th September 1970	21st September 1987
Norman E. Kelsey	18th September 1970	22nd November 1999
Allan J. Russell	30th August 1971	17th September 1973
Frederick D. Bond	30th August 1971	22nd November 1999

Ronald A. Stone	25th September 1972	24th November 2003
Edward N. Robinson	14th November 1972	20th July 1976
Harry C. Ward	14th November 1972	25th September 1978
Bruce E. King	14th November 1972	29th September 1986
William H. Appleby	17th September 1973	26th September 1977
Arthur B. Nelson	17th September 1973	28th September 1981
John R. Pullen	20th July 1976	27th September 1982
Brian E. Pilgrim	26th September 1977	28th September 1981
Bruce A. Addison	25th September 1978	29th September 1986
Francis C. Tatton	25th September 1978	19th September 1988
Maxwell Scarr	28th September 1981	19th September 1983
John R. Robinson	28th September 1981	23rd January 1984
Roland H. Palmer	27th September 1982	1st July 2005
Hugh G. De Satge	19th September 1983	30th September 1990
Kevin F. King	16th April 1984	24th February 1986
William D. Page	29th September 1986	17th September 1990
Subdev N. Grewal	29th September 1986	24th November 1997
Frank A. Matthews	21st September 1987	25th September 1989
Garry W. McPherson	17th September 1990	31st March 1994
William J. Singleton	30th September 1991	1st July 2005
Geoffrey C. Johnson	24th November 1997	31st December 2008
Micheal J. Martin	22nd November 1999	29th November 2004
Peter J. Wardman	29th November 2004	5th April 2007
Peter J. Ellis	1st July 2005	19th December 2007
David G Jones	June 1994	25th August 2009
Peter J. Dougherty	November 1985	29th June 2010
Michael J. Spear	September 1989	8th July 2010
David B. Guinness	September 1986	28th June 2011
Peter E. Dunstan	November 1999	2nd July 2012
Gerald J. Regan	September 1988	30th July 2012

## bcu Former GM/CEO

GM/CEO	Year First Appointed	Year Retired
Neville J. Spear (GM)	1970	1996
Raymond A. Battle (CEO)	1996	2008



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