Responses to questions taken on notice at Bendigo Bank's appearance at the Victorian Legislative Assembly Environment and Planning Committee Inquiry into the supply of homes in regional Victoria on Thursday 8 May in Ballarat

Question	Bendigo Bank Response
Wayne FARNHAM: Hi, how are you. Thanks for coming. First off, before I start, I would like to thank the Bendigo Bank for what you give back to our regional communities. It is quite amazing the amount of money that comes back into regional Victoria through the Bendigo Bank. A project that you support in my area is housing for homeless women, which the Bendigo Bank gave about $20,000 to, so thank you for that. I just want to ask: when it comes to development – and we all talk about housing shortages and land shortages – does the Bendigo help finance land development if you have got a developer coming looking for finance? And in that, what is the level of pre-sales the developer would have to have for the Bendigo to lend money, or what percentage of risk, I suppose is what I am asking? **Dennis TEALE**: Yes. Thank you for that question. Bendigo Bank is a full-service bank, so we provide facilities to property developers as well. We do not specifically do that within the retail part of the bank. It is done within our business banking division, so I do not have the exact stats on the percentages that they would look for. If I think back on my history in funding the developers, typically there is an LVR component, where there is an equity requirement that needs to go into it, and usually a pre-sale component that is roughly equivalent to the debt that is given by the bank that is provided. **Wayne FARNHAM**: Pre-sales equalling debt – **Dennis TEALE**: Yes.	Bendigo Bank supports land development through our specialist lending area. For residential property development, we partner with experienced developers with a history of successful completion of multiple projects consistent with the type and complexity of the proposed development. Sufficient pre-sales must be generated to enable orderly loan repayment upon completion, with 100% of net proceeds from property sales applied to the debt. We use both Loan to Development Cost Ratio (LDCR) and Loan to Value Ratio (LVR) as metrics for development funding. We prefer to see an LDCR of at least 25% in any residential development to give us comfort that the developer is adequately capitalised. Our preferred maximum LVR generally ranges between 65% - 70% of the completed value and is dependent upon the size and complexity of the development. Exceptions to our preferred settings are considered on a case-by-case basis.

Question	Bendigo Bank Response
Marisa DICKINS: Yes, generally. **Wayne FARNHAM**: on applicant loan applications. **Dennis TEALE**: I am happy to take it on notice and get the exact parameters that we are using currently in Bendigo Bank, because it is not my area of expertise at the moment.	
Martha HAYLETT: Can you just tell us a little bit more about that? With the Housing Australia Future Fund, one of your recommendations is that 40 per cent of that should be for the regions, and I am just really interested to hear a little bit more about your opinion on that, because I do not actually know if they have got percentages currently about what should be for metro versus the regions. Can you just both tell us a bit more about that recommendation? Because that is really interesting. **Dennis TEALE**: Yes. We considered that for a while – why 40 per cent? – and that is a good question to ask. Roughly a third of Australia's population lives in regional Australia. I think the point is: do they always receive their share of federal funding, grants, schemes, initiatives and the like? So 40 per cent was really based on a third of the population and ensuring that regional Australia gets its fair share of the investment opportunity. I think the Housing Australia Future Fund is a once-in-a-generation opportunity to encourage regional economic prosperity, encourage population growth and encourage migration of skills to the regions, and I think by putting the regional allocations in place it is ensuring the funding is going where it can reach maximum benefit. **Martha HAYLETT**: Have you had any of those conversations with the federal government, and have they had much response to that?	With more than one third of all Australians living outside the major cities, we would like to see 40% of the Housing Australia Future Fund (HAFF) directed to regional Australia to support population growth, address the need for housing supply in the regions and unlock the economic potential of Australia's regional communities. Doing so, will provide the certainty the public and private sectors need to funnel investment to where it is needed most. We have communicated this view to the Federal Government through various means such as meetings, correspondence and making submissions to parliamentary inquiries. While the Federal Government has not made a commitment to 40% of HAFF being directed to regional Australia, we will continue to engage positively with the Federal Government on ways to ensure regional Australia remains a great place to live.

Question	Bendigo Bank Response
Dennis TEALE: I have not directly. I can take it on notice as to whether our team has had that conversation.	