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LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Ballarat – Thursday 8 May 2025

MEMBERS

Juliana Addison – Chair
Martin Cameron – Deputy Chair
Jordan Crugnale
Daniela De Martino
Wayne Farnham
Martha Haylett
David Hodgett

Necessary corrections to be notified to executive officer of committee

WITNESSES

Dennis Teale, General Manager, Retail Banking, and

Marisa Dickins, Head of Retail Customer, Bendigo Bank.

The CHAIR: Welcome back to the public hearing on the Inquiry into the Supply of Homes in Regional Victoria. It is great to have representatives from Bendigo Bank here. I just want to run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what was said during the hearing.

You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with us today. My name is Juliana Addison, and I am the Member for Wendouree and Chair of this committee.

Martin CAMERON: Martin Cameron. I am the Member for Morwell, down in Latrobe Valley.

Jordan CRUGNALE: Jordan Crugnale, Member for Bass, over in the Western Port area.

Wayne FARNHAM: Wayne Farnham, Member for Narracan. I represent the West Gippsland region.

Martha HAYLETT: I am Martha Haylett, the Member for Ripon, representing the outskirts of Ballarat and all the way up to St Arnaud and Wedderburn and everywhere in between.

The CHAIR: Excellent. Could you please state your name and titles before we begin.

Dennis TEALE: Dennis Teale, General Manager for Retail Banking at Bendigo Bank.

Marisa DICKINS: Marisa Dickins, Head of Retail Banking for Bendigo Bank.

The CHAIR: Terrific. Thank you for being here. And in terms of conflict of interest, I am a Bendigo Bank customer. Anyone else?

Wayne FARNHAM: Me too.

The CHAIR: We are a part of 2.5 million customers.

Marisa DICKINS: 2.7.

Dennis TEALE: 2.7 million, and we appreciate every one of those.

Marisa DICKINS: We do. That is wonderful to hear.

The CHAIR: Excellent. So we have declared that conflict of interest. We will now hand over to you for some comments or an introduction.

Marisa DICKINS: Yes, absolutely. Thank you. I would like to start by recognising the traditional owners of the lands on which we meet today, the Wadawurrung and Dja Dja Wurrung people. I pay my respects to elders past and present, and I extend that respect to all First Nations people.

Bendigo Bank is one of Australia's largest banks with around 7000 employees, 3000 of which are based in Victoria, supporting more than 2.7 million customers to achieve their financial goals online and in person at over 400 locations across Australia. We are an ASX 100-listed company, with assets under management of more than $100 billion and a market capitalisation of approximately $6 billion. Our bank is the only ASX 100-listed bank headquartered in regional Victoria or in regional Australia, and Victoria specifically is our heartland. We have a long and strong connection to Victoria, serving more than 1 million customers at over 200 branches across the state. We are also the only bank offering in-person branch services in about 50 regional Victorian communities. Our 130 Victorian-based community banks returned over $21 million back in contributions to their local communities in the financial year 2023–24 alone. This significant community investment in the form of grants, sponsorships, seed funding and scholarships supports a wide range of needs and aspirations, as identified by local communities in collaboration with their local community bank.

For more than 165 years our bank has helped people access safe and affordable housing. Our origins date back to the 1850s gold rush in Bendigo, when the bank was established to help miners and their families out of tents and into houses. We understood then, as we do now, the importance of feeding into the prosperity of the communities in which we operate. Helping people achieve their goal of home ownership is one way we deliver on that purpose. Our bank has adopted different strategies to assist customers into housing. Most recently, we have introduced innovative digital banking experiences that focus on building positive budgeting and savings practices to help people save more quickly for a housing deposit. We also partner with government, including the Victorian government on the Victorian Homebuyer Fund, which has seen over 5000 Bendigo Bank settlements since inception. With around 31 per cent of our mortgages in the state being in regional Victoria, we have a unique insight into these communities. We understand regional communities are seeing the full impact of the shortage of housing supply, with job vacancies unfilled and economic development opportunities unmet due to housing shortages and the lack of associated community infrastructure. So we hope that sharing our experiences, insights and observations today sheds light on different opportunities and challenges those living in the regions are presented with when it comes to housing. As such, we believe bespoke place-based solutions to open supply are key ingredients in tackling issues.

Our bank has made a written submission to the inquiry, and we thank the committee for granting us the extension to lodge the submission after the due date – thank you for that. In it we make three recommendations that collectively seek greater flexibility and nuance being applied to existing government housing policies and schemes. Specifically we wish to see, as outlined in our statement, regional specific housing construction targets within government housing construction targets within government housing schemes and 40 per cent of the Housing Australia Future Fund being directed to regional Australia. Thirdly, the Victorian government should invest in small-, medium- and large-scale public–private partnerships to support housing supply in regional Victoria. If these recommendations were to be implemented, we would see the potential benefits of greater housing supply in regional Victoria being realised.

We are pleased to contribute to this conversation and welcome the committee's Inquiry into the Supply of Homes in Regional Victoria, and we now look forward to your questions. Thank you very much.

The CHAIR: Deputy Chair, would you like to lead off?

Martin CAMERON: Thank you, Chair. Thanks for outlining that. Can you tell us a little bit more about the Victorian home business fund in conjunction with what you do and how that is helping and opening up the market to buyers?

Marisa DICKINS: So the Victorian Homebuyer Fund – that is the one you are referring to?

Martin CAMERON: Yes.

Marisa DICKINS: Absolutely. We were delighted to be invited to participate with the Victorian government on the Victorian Homebuyer Fund as a scheme. Essentially what that has done for our customers is provide them the opportunity, you know, to get into their homes much, much sooner through the shared equity arrangements that the Victorian government has provided to them. So with only a 5 per cent deposit customers can afford to buy a home much, much sooner. Affordability becomes much, much easier, and therefore we are helping more people to get into their homes far more quickly.

Martin CAMERON: And on that, because you are spread right throughout regional Victoria, is there an uptake right across the board, or are there certain areas that are accessing that more than others?

Marisa DICKINS: We are definitely seeing perhaps a skew towards metropolitan Victoria, metropolitan Melbourne, and that is also because the scheme actually recognises Geelong and the Greater Geelong area as metropolitan as well. So we have seen a lot of uptake there. But I think it is about 31 per cent, if I am not mistaken, in regional Victoria.

Dennis TEALE: I think there is definitely a skew to the larger population centres more generally. I think that is just a population skew in there anyway, so you are always going to get less from lower population bases by default. But I think, to Marisa's point, they do not have to save as much, so they can move faster, and they do not have to borrow as much, so affordability is a much stronger outcome.

Martha HAYLETT: How many customers have taken advantage of it? Do you have a statistic of thousands of customers of Bendigo Bank –

Marisa DICKINS: Over 5000 settlements so far.

Dennis TEALE: There have been 5000 settlements. It is roughly 7600 customers, because there are joint applicants for a number of those.

Martha HAYLETT: That is fantastic.

Marisa DICKINS: And plenty more in the pipeline. So the demand is high.

Dennis TEALE: Especially with that scheme getting close to the end, there are a lot of people trying to get in before it closes. We were in two of our Ballarat branches this morning, and they are saying people are signed up. They are preapproved; they are struggling to find the house that they can buy. That is the limiting factor for them. So it comes back to the supply issue that we spoke about before. If there was more supply, we would settled more.

Marisa DICKINS: We definitely would have.

Jordan CRUGNALE: So with the fund coming to an end, is it this financial year –

Marisa DICKINS: On 30 June.

Jordan CRUGNALE: Yes, right, very soon – are you speaking with government about whether that fund is continuing, or now with the federal government?

Marisa DICKINS: We are speaking to government. At the moment, at this stage, the scheme is due to stop at the end of the financial year. If customers have an approval mid-June, then they will still have time to be able to participate in the scheme for another I think it is 90 days from the end of the scheme. There potentially is some appetite to continue it, depending on what else happens with some of the federal schemes, so the Help to Buy scheme are also in consultation with federal government.

Dennis TEALE: Yes. The intention was federal scheme would replace the Victorian Homebuyer Fund. It has got similar attributes to it, and I think it avoids conflict. New South Wales participated in shared equity for a period of time as well. We were originally the only participating lender in that, so we helped them to model that and pull that together, and they exited on the assumption that the federal scheme would come in and take its place.

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.

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.

Wayne FARNHAM: That is fine. I appreciate it.

The CHAIR: Martha, do you have a question?

Martha HAYLETT: Yes. I am just thinking – and it is fantastic to hear so many of your customers have taken up the homebuyer fund – are there any ways that you think it can be made even more accessible to regional and rural Victorians? Have you seen any ways that it has not been as successful as you would like it to be?

Dennis TEALE: Yes, and we worked quite extensively with the Victorian Treasury along the journey in this as well. Sometimes the price caps and the income caps that are put in place are well intended, because you do not want to oversupply and you do not want people that could otherwise genuinely afford it off their own bat to be supported in it as well. But sometimes that unintentionally disqualifies people from an affordability point of view. Particularly as we went through a series of RBA rate increases in a short period of time, we found that the income required to meet the price caps in most of metro and regional Victoria no longer worked from an affordability point of view. Because of the revised higher interest rate component, they can only afford to borrow less, and so the cap becomes less relevant. It was all about the income cap then. So working with Treasury, we actually encouraged them – which thankfully they did – to lift the income caps and allow greater participation in it. I think as part of economic cycles where there are caps in place, we just need to review them and ensure that there is still affordability for customers and that the scheme still acts as it is intended to do, which is help Australians into their first homes.

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?

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

Martha HAYLETT: It would be interesting to hear that feedback from the federal housing minister and others.

Wayne FARNHAM: How many of your clients would be under mortgage stress at the moment?

Dennis TEALE: Under mortgage stress?

Wayne FARNHAM: Yes.

Dennis TEALE: We have seen a small increase in customers under mortgage stress, as the industry has. Our percentage is actually below the industry percentage. Customers suffering arrears in Bendigo Bank at the moment is well under 1 per cent of our client base; it is actually relatively small. The industry as a whole all subscribe to helping customers in hardship. We have got a moral and a regulatory obligation to help customers when they most need it, so we have a team that actually help our customers when they do present with any level of hardship or mortgage stress, and we work collaboratively with them to help them through their period of hardship. That might include deferral of repayments or coming to some sort of reduced repayment arrangement for a period of time until it is rectified, or it might be helping them with more long-term solutions like selling the asset or making other arrangements.

Martin CAMERON: Is your uptake of people coming in for a home loan at a steady level? Wayne just alluded to the cost-of-living pressures and people under financial constraints. Have your numbers coming through to get a home loan increased, decreased or stayed the same over the last few years?

Dennis TEALE: We have had very strong demand particularly over the last 12 months, which has been interesting particularly given we have been at the peak of the interest rate cycle for the bulk of that.

Marisa DICKINS: But it is a mixture, I would say, so it is not just new acquisition or new homes or first-time buyers or next-home buyers; you also have a lot of refinance activity that comes through. I do not have the specific percentages to hand at the moment, but with the competition that exists in the industry people are always trying to potentially save money, get a better deal and get a better product, so it is quite a mix. And being a smaller bank with less market share, that probably keeps it steady for us; we have always got the opportunity to continue to grow.

Martin CAMERON: Do you feel in the regions having that face-to-face customer engagement is beneficial?

Marisa DICKINS: It is a great question.

Dennis TEALE: Yes, absolutely.

Marisa DICKINS: Yes. Absolutely we do.

Dennis TEALE: I think there are a couple of points to that. Employment has remained very strong even through this economic cycle, and I think when you have got a mix of employment, as much as there has been a cost-of-living crisis and there is a shortage of rental properties – there is a higher demand from people who want to get into their own properties, which is feeding that. And also in a higher-cost-of-living environment the refinance market heats up because people are looking for a better deal on not just their mortgages but insurance and other everyday living expenses as well, so that has definitely fuelled strong demand for mortgage inquiry and mortgage application at Bendigo Bank.

Marisa DICKINS: We tend to find people want to speak to someone about such a large financial transaction in their life; they really want to be talked through how it works and how we can support them through that.

Martin CAMERON: Just a final one on that from me: the demographic of the set-up of the mortgage – back in the day it was a husband and wife or two partners going in. Are you finding that nowadays you can get a couple of mates that are coming in to get a home loan together, or a brother and sister and stuff like that, to access the market for the first time? Has that changed?

The CHAIR: Or the bank of mum and dad?

Martin CAMERON: Or the bank of mum and dad.

Marisa DICKINS: I think that has existed for some time and continues to exist, is the way I would respond to that. So absolutely mates, siblings, husband and wife, partners – anything, all of the above.

Martin CAMERON: How do you view that? Is that a different way to step down the track if it is a couple of mates coming in, because things can go awry that way? I suppose they can go awry even if it is a marriage or a partnership. Do you have a different outlook on who it is that is applying for the loan?

Marisa DICKINS: Well, they are required to obtain legal advice, irrespective of what the partnership might look like to them, so they understand the risks and what they are getting into, and how they may get out of those commitments if they need to. So yes, it probably has not changed.

Dennis TEALE: It is probably fair. Even with a married couple, we take the same level of care there as well. We do attempt to ensure that we help people who might be suffering domestic and family violence. We ensure that we speak to both applicants through the process. We do not take an application from one, and where we have a more dominant applicant, we make sure we speak to both applicants through that process as well. So there are steps that we have put in place just to ensure that we are helping our customers through these major life events and significant financial events as well.

Marisa DICKINS: The same is said for language barriers and those types of things; you bring in appropriate support.

The CHAIR: Just changing direction a little bit to modular homes and diversity of homes. We know that the Commonwealth Bank came out and there has been a lot of – what is the word that I am looking for? – uncertainty regarding a modular home purchase and banking and getting a loan, and also with smaller one-bedroom apartments or smaller houses where banks think that their value may not be retained. Can you tell us about Bendigo Bank's approach to giving loans for modular housing and also one-bedroom properties?

Dennis TEALE: Yes. That latter one first: with one-bedroom properties, we did have a size limit for apartments. I think from memory that was 50 square metres. We have reviewed and reduced that down to 40 square metres, which just reflects that there is growing demand. We see more stability in that market, and in a shortage of markets there is less variability in demand and prices, so we have reacted and responded to that. We are looking at modular homes at this point in time. There are a number of factors that we just need to address. I think in CBA's approach, which you mentioned, they have come up with a solution. It is not a really clear solution, but it provides some certainty. We are just looking at how they have done that to see what it does.

The biggest challenge we have in the industry is that the house is constructed offsite. We have got an obligation to protect our customer from harm. If the builder becomes insolvent during that construction period, and we have been funding it and the customer has a liability back to us for the mortgage – we cannot recover that asset because it is not on the land, it is not fixed to the land, and we do not have rights to access this manufacturing facility and get it – then we have got a problem and our customer has got a problem that we need to jointly lean in and resolve.

The CBA approach limits the amount that can go to the manufacturer based on how much equity is in the land. Once you reach that cap. then you cannot give any more to the manufacturer. It is going to be an inconsistent approach depending on how much equity the customer has in the land at the inception. If they are a first home buyer and they have heavily leveraged for the land, there is very little that you can give to the developer until that modular home is on site to get done. We are interested in funding to that sector. There are just a few issues we need to work through to get a proper policy setting that makes sure that the customer is protected and the bank is protected, but it is something we are very interested in pursuing.

The CHAIR: Just to go further, we recently – on our Colac trip – had the opportunity to go and meet a manufacturer, and they were talking to us about renovations. If the back of the house is now all modular but there is an existing dwelling on it, does that provide you with more certainty in terms of loans – if it is a renovation or an extension onto the house and it is modular?

Marisa DICKINS: Potentially.

Dennis TEALE: Yes. We would not be concerned about that. Typically, someone doing a renovation tends to have a higher level of equity in their home – they have not just bought it and leveraged it to the hilt. So you have then got much more available equity. You have got the house that does not get renovated until the modular bit is done and ready to be installed, so when they need to spend the money they have either used the equity in their land to do it, or we do it at the point where it becomes fixed to the house and becomes part of the security asset.

The CHAIR: Terrific.

Dennis TEALE: Yes, I would not have a problem with that, and I would suggest we probably already see those and do those just in our normal business today.

The CHAIR: Terrific. Would that be the same for granny flats and second dwellings on a property? Would the equity that is in the family home mean that Bendigo Bank could offer such loans for modular or new dwellings?

Dennis TEALE: Yes. Our concern would be leveraging debts greater than the equity in the home for components that the customer has no control over and we have got no control over. It is literally just: if they have got enough equity in it, we would be talking to them and potentially doing business with them.

The CHAIR: Do you have a question, Jordan?

Jordan CRUGNALE: Are the banks working as a sector on this kind of reform for modulars and loans?

Dennis TEALE: There is definitely discussion at the ABA level, but each bank is considering its own position. I think everyone sees that this is going to be some part of our future, so I think everyone wants a response to it, but we are all asking the same questions as to how we mitigate the risk and protect our customers through that process. There is probably one other element to that for regional Australia. Typically these modular homes are built in factories in the metropolitan area and shipped out. It does not necessarily have the same economic benefit to regional Australia if the construction is done elsewhere, because the employment then does not transition with it.

Wayne FARNHAM: Is the risk of modular any more or less than domestic construction build? For example, if you have loaned money and the client is building a house and the builder has gone belly up, then quite often it will be the case, when the new builder comes in to do the job, that there is going to be a 30 per cent uplift in costs et cetera.

Dennis TEALE: Correct.

Wayne FARNHAM: Just from where I am sitting, it is sort of no more or less. I know it is not on their land – I understand that – but the risk is probably the same.

Dennis TEALE: The risk when the builder goes belly up and there is work done onsite, slab civil works – whatever stage it is up to – is something for another builder to work with. So, yes, the price will go up because they will go, 'What shortcuts has the other builder taken? What warranty obligations am I undertaking?'

Wayne FARNHAM: He is taking on the liability of someone else's build.

Dennis TEALE: All of those things, absolutely. But there is something there. With the modular home, there is nothing there; it is a vacant block of land. And there is no guarantee that you can get access to whatever has been built in a factory somewhere else.

Wayne FARNHAM: So do you think there could be maybe some sort of regulatory reform to say, in the case of a bank loaning money for a modular home, even though that asset is not on the title properly, that in the case of that supplier going into liquidation that actually becomes the bank's property? Would that fix the problem?

Dennis TEALE: As long as we can get access to it.

Wayne FARNHAM: To get access – to say, 'Well, that is physically your property.'

Dennis TEALE: Yes, absolutely. Then it comes down to how we identify that that is the bank's property, which could be there having to be some level of serial numbers. It has got to be something that identifies that specific asset. So if you own a big factory and you are making 10 of these things consecutively, which one is mine, which one is mortgaged to CBA and which one is mortgaged to NAB? If there are identifiers on it and we can do it and there is some sort of legislative right to say, ‘We’ve got access and we can recover it’ – I think our view is we want to protect customers from financial harm. That would go a long way to alleviating that concern.

Wayne FARNHAM: The financing of the modular – would you do it the same as the house, as in you get X amount for the floor, X amount for the frame and X amount for –

Marisa DICKINS: In stages.

Dennis TEALE: Yes.

Wayne FARNHAM: It would be the same type of –

Marisa DICKINS: Presumably, but I guess that is still something we would need to work through – and what the stages are for a modular home versus one that is built onsite? And there still may be additional risks, like Dennis said. A builder could come in and take over another build potentially, and that is understood, well known and happens today. So it is probably just understanding what happens if half the home is built or part of the home is built under the modular and what availability there is for another modular builder to come in and build that home as well.

Wayne FARNHAM: Yes.

The CHAIR: Really interesting, really good. Other questions?

Martin CAMERON: We are sitting here, and our lens here is of being on a parliamentary committee and hearing about the impacts of regional housing in regional Victoria. We have had developers come in and we have had builders come in, and they have given us their concerns of what they see as not allowing the houses to be built. Do you have a focus as a lender? What can you see is happening in the market, especially in regional Victoria? What is hampering us from being able to build more houses? Have you got a lens on that as well?

Dennis TEALE: Absolutely. There is no doubt customer demand for construction loans has declined over the last few years. We spoke about this in the two branches we were at this morning, and they had some really good local insight from Ballarat as well. The biggest fear out there – one, construction costs have elevated significantly, so there is a component of that, and a number of builders have collapsed financially. The average time it takes to build a home now has stretched out as well; availability of labour and availability of materials have stretched out that construction time. So if they are weighing that it takes longer to build, it is more expensive and there is a risk that the builder might go broke, our customers are saying they would prefer to buy something established than take the risk and the pain of the time delays to get something delivered to market.

Then there were some examples given from the local market, with some customers that have bought properties in a local suburb. Here there is a building covenant you have got to build within a certain period of time, but now those customers cannot afford to put the house on it because when they bought the block the cost to build the house was much cheaper than it is today; it is now more expensive to do it. Now they are saying that to buy the block – they bought it for $350,000 – they will now have to pay $300,000-plus to build their house. But the house next door that is already built is on the market for $500,000, $530,000, so why would they take the risk of all of this and pay more when they can get this product here, which is already finished in market, for the same price? So those blocks now, because they cannot build, are going back on the market, but they cannot recover what they have paid for it to get it done. So it is that shift in construction costs, construction time, real consumer concern over the viability of the building and construction industry and concern that whoever they partner with might go broke during that two-plus years that it takes to build the house. They are just saying, ‘I would much prefer to wait in line for a finished product to be available, and at least I know what I get and I can settle it. I’ve stopped paying rent, I’m moving in and I’m in now.’

The CHAIR: Last question.

Wayne FARNHAM: Yes. I suppose one of the problems we have in the construction industry is builders have to enter into fixed-price contracts – no rise and fall. Especially over the last three years when we have seen material costs go up about 35 per cent, it is pretty well self-explanatory as to why builders have gone into liquidation. I think we have had nearly a thousand over the last 12 months. I explain this to builders when they say, ‘We can’t lock into fixed-price contracts,’ and I say, ‘Well, banks won’t lend you the money because it is not a fixed-price contract.’ Is there a way the banking sector can look at a building contract – and maybe we need contract reform through the state government – to maybe enter with a contingency clause to say ‘You get a 5 per cent or 10 per cent contingency clause within your building contract to allow for price rises’? Because if we do not do something about this particular aspect of contracts, we will continue to have builders go into liquidation and we will continue to have housing shortages. Do you think there is a mechanism where something like that can work?

Dennis TEALE: I think it would require careful thinking and planning about the consequences that come through, but we would certainly welcome the opportunity to partner with government and talk through potential policy settings and how we can help in that regard.

Wayne FARNHAM: Because it is hard for builders and then the consumers if the builder goes broke; that costs them more than the contingency amount would.

Dennis TEALE: Yes. What we have been through is unprecedented, and we are certainly very sympathetic to what has happened to the construction industry altogether. There have certainly been a lot of impacts, not just to builders but to the customers as well as they have had to renegotiate.

Marisa DICKINS: I wonder if there could be other innovation solutions. Guarantee: if I think about the guarantee schemes for home loans, could there be something similar applied of that nature – some sort of government guarantee for anything that goes over, perhaps? I do not know. These are just ideas that could help solve some of those challenges and just de-risk for the customer and for the builder and of course the bank. It is a good thought.

Wayne FARNHAM: Thank you. I appreciate it.

The CHAIR: Thank you. We have covered such a breadth of issues across the banking sector and what Bendigo Bank does. So thank you so much for being generous with your time.

Dennis TEALE: It is a pleasure.

The CHAIR: It has been really great to hear from you. If you would like to provide any additional information or further responses to any questions, please contact our secretariat. Once again, you have done some great partnerships across Ballarat as well. We really appreciate all that the Bendigo Bank and the Bendigo Community Bank does.

Witnesses withdrew.