

CAPRICORNIAN HISTORY



By Betty Cosgrove and Jacqueline Mackay

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CAPRICORNIA CREDIT UNION LTD



Miriam Vale Branch Opening - Australia Day 1994

From the top left - Lyle Robb, Ross Strelow, Hugh Grant, Brian Fitzgerald, Vince Griffin
From the top right - Kelvin Brooks, Dr Peter Thompson, Glen Millar, Ron Cockburn, John Shaw

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A credit union is a group of people who are willing to pool their money together in a co-operative organisation to provide loans to other members at a reasonable rate of interest.

HISTORY OF CREDIT UNIONS

The word co-operative can mean “showing a willingness to act or work together for a shared purpose” or “an organisation or company that is owned and controlled by a group of members who each have a share in it, for example its employees or customers”. Both meanings are apt to describe the work of credit unions.

A credit union is a group of people who are willing to pool their money together in a co-operative organisation to provide loans to other members at a reasonable rate of interest.

To understand the history of credit unions, one must understand the story of the working poor, and the need for co-operatives to allow workers to act together to counter economic exploitation.

The very earliest recorded example of a co-operative movement, was in Fenwick in Scotland in 1761 when local weavers formed the Fenwick Weavers’ Society to cooperate with each other to ensure they received a fair price for their work. By 1769 the members of the society had raised enough funds to buy food in bulk which would then be sold to members at a reasonable price. There is also evidence that they had a form of an early credit union or community bank where people could borrow money from the communal funds at a fixed rate of interest.¹

Rochdale in Northern England is also well known for its cooperative movement, which also began with groups of weavers and artisans. These labourers were facing the pressures of low pay and insecure employment, unhealthy living conditions and dangerous workplaces typical of those in that industry during the Industrial Revolution. They had no social benefits from the state, their only recourse was to help each other. The first Cooperative was formed there in 1830, but the better known Rochdale Pioneers officially formed in 1844. The idea of their society was to improve the ‘social and domestic condition of its members’ by pooling their capital. With the money they raised, the idea was to establish a store to sell food and clothing at reasonable rates, but also build housing for those without, start manufacturing projects for unemployed members and provide educational programs. The movement spread around Britain, and by 1851 there were at least 130 co-operatives in operation.²

¹ ‘Fenwick Weavers’ article National Library of Scotland website

² Brett Fairbairn ‘The Meaning of Rochdale : The Rochdale Pioneers and the Co-operative Principles’; Occasional Paper Series, centre for the Study of Co-operatives University of Saskatchewan, pp 5-10.

The example of Rochdale inspired V.A. Huber the German Social reformer, writer and historian who became an advocate of co-operatives. It may very well have influenced the work of Franz Hermann Schulze-Delitzsch who established the first credit union and other kinds of co-operatives in Prussia (now part of Germany) in 1850.³

Schulze-Delitzsch was an economist and legislator who entered the Prussian parliament in 1848 and acted as the President of a Commission of Inquiry into the condition of the labourers and artisans. He soon understood the necessity of co-operation to help improve the lives of the working poor, and he worked to organise and develop the foundation of *Vorschussvereine* (people's banks), the first of which he established in his home town of Delitzsch in 1850. The principle was that the workers would pool their savings and therefore allow those without access to financial services the opportunity to borrow money. By 1858, twenty-five such people's banks were in operation, and the next year he founded a central bureau of co-operative societies.⁴

Another well known name in the early history of the co-operative movement is Friedrich Wilhelm Raiffeisen who came from a rural background, and, as the mayor of several small towns, saw the suffering of farmers who were often forced to pay back exorbitant rates of interest to loan sharks. In 1862 a charitable association he had founded became a credit society where members' deposits served to provide loans for other members. By 1869, his work had inspired close to one hundred credit unions in Germany.⁵

These ideas spread throughout Europe, Luigi Luzzatti taking Delitzsch's ideas to Italy in the 1860s. By the 1890s century Alphonse Desjardins, a journalist and parliamentary stenographer in the House of Commons in Canada became aware of the horrendous effect of usury (lending money at unreasonably high

rates of interest.) In one example, Desjardins heard of a man who was sentenced to pay interest of \$5000 on an initial loan of just \$150. Desjardins began to look for a solution to this economic injustice.⁶

Desjardins synthesised the ideas of Schultze-Delitzsch, Raiffeisen and Luzzatti to create the *Caisse populaire* (translation credit union) in Canada. In his model, financial operations were limited to a parish, where the working classes were empowered to manage their own capital, credit was given where needed, and the habit of spending was encouraged.⁷ His model was so successful, that by the time of his death in 1920, there were over 200 *caisses populaires* in Canada and nine in the United States.

In Antigonish, Nova Scotia, the Rev. Dr. Moses Coady and Rev. Jimmy Tompkins pioneered a local community development program to help disadvantaged farmers, fishers, miners and others in Eastern Canada. They developed a practical strategy of adult education and group action to address the immediate economic needs of the people. Essentially, the principles of the Antigonish movement were that everyone is valuable (created in the image of God), that social reform must come through education, and that education must begin with economic teaching. Further, group action was seen as essential to success, and social reform required changes in both social and economic institutions. Ultimately, success was defined as a full and abundant life for everyone in the community. These ideas spread throughout the world with the formation of the Coady International Institute at St. Francis Xavier University in 1959 where leaders from around the world could come to be trained in the principles and practice of this people-based approach to development.⁸

3 Fairbairn *ibid*, p. 17

4 1911 *Encyclopædia Britannica*, Volume 24 entry on Schulze-Delitzsch, Franz Hermann

5 International Co-operative Alliance website 'Friedrich Wilhelm Raiffeisen' article

6 desjardins.com 'Alphonse Desjardins'

7 *ibid*

8 Coady International Institute website

The credit union idea also expanded to North America early in the 20th century. Credit Union National Association (CUNA), the national association for credit unions in the United States, was founded in 1934. Twenty years later, Roy Bergengren, CUNA president and CEO, asked representatives to approve an overseas credit union assistance program that would expand the organisation's existing outreach to countries outside of North America.⁹

In Australia, small credit co-operatives existed in some states as early as 1905, with New South Wales (NSW) the first state to introduce a State Co-operative Act in 1923. However due to economic conditions during World War II, an embargo was placed on the formation of credit unions.¹⁰ This didn't last long however and in 1944 the Federal Government lifted the embargo on credit union registration and within the next couple of years a number of credit unions were registered in NSW. Significantly, one of the first was the Catholic Thrift and Loan Co-Operative (later the Universal Credit Union) in Sydney in 1946 and the Christian Credit Union in Queensland.¹¹ In the 1940s-60s most credit unions were parish or community oriented organisations, but soon industry and employer groups also saw the benefits, and the credit union movement became a mix of community, industry and affinity.¹²



Tellers - 1983/1984
From left - Vicky, Kerry, Linda, Gloria and Angela

Many years before each Annual General Meeting (AGM) for the Credit Union would commence, someone would be chosen to recite the Credit Union Prayer.

This is the prayer of St. Francis of Assisi, used almost universally as a credit union's opening prayer.

Lord, make us an instrument of your peace:
where there is hatred, let us sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
where there is sadness, joy.

O divine Master, grant that we may not so
much seek
to be consoled as to console,
to be understood as to understand,
to be loved as to love.
For it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal
life.
Amen.



Tellers - Late 1980's
From bottom left - Heather, Janice, Therese and Sue

⁹ 'History' World Council of Credit Unions website

¹⁰ International Credit Union Forum document Melbourne 1988

¹¹ 'A Chronology of Credit Unions in Australia' My CU History website

¹² International Credit Union Forum document Melbourne 1988



Reverend Father John M. Leahy - 1984

HISTORY OF THE CAPRICORNIAN - THE EARLY YEARS

To understand the story of what is now The Capricornian, you have to go back to the very beginning to the ideas that lay behind its inception. Ideas that came from a Catholic Priest with a "deep faith and unyielding convictions." ¹

In 1955 the Park Avenue Catholic Parish welcomed a new priest, 40 year old Father John Leahy. Fr. Leahy was born in Rockhampton in 1915, the eldest of seven children of Edward James (Jim) Leahy (a Railway worker) and Norah Leahy. He grew up in Rockhampton, going to Our Lady's Convent School and then the Christian Brothers' College before entering St. Columba's College in NSW in 1931 and then St. Patrick's College in Manly for his theological studies. Fr. Leahy was ordained in 1938 and served as an Air Force Chaplain during the Second World War. After the war he served for a few years in the Bundaberg diocese before returning home to Rockhampton in the late 1940s.

Fr. Leahy soon became an integral part of the Park Avenue community, described as "a born organiser" who was known for his "Meetings! Upstairs, downstairs, in the school, in the Trading Shop, wherever there was a space - three or four meetings in the one night."²

At the time, it was often very difficult for people on a low income to obtain loans for

necessities from the banks, which left them with no recourse but to pay exorbitant rates of interest to money lenders. Fr. Leahy could see that his new community was a working class area where families were struggling to make ends meet, and they needed financial help. Parishioner and local pharmacist Brian Fitzgerald described him as a "clergyman of great stature, with a compassionate zeal for serving the needs of all people," and that "having experienced, as a young man, life during the Great Depression, he was always searching for a method of financing the needs of people in a way that involved a means of self-help and self-responsibility."³

"clergyman of
great stature, with a
compassionate zeal for
serving the needs of all
people"

- Brian Fitzgerald

¹ Pages on Father John Leahy, Park Avenue Parish Golden Jubilee History 1942-1992

² Vince Forrest reminiscence, *ibid.*

³ Brian Fitzgerald reminiscence, *ibid.*

Fr. Leahy was familiar with the ideas of co-operative movements and to that end, in 1957 he suggested that the Park Avenue parish start up its own community Credit Union. Brian Fitzgerald recalled that Fr. Leahy invited him to look into the idea, "Fr. Leahy introduced me to literature on the Co-operative idea implemented by the Rochdale Pioneers in England in 1844; and the credit unions founded by Raiffeisen in Germany in 1849 and Desjardins in Canada in 1900 and the Antigonish movement in Nova Scotia in the 1930s. Using his tremendous sources of leadership and organisational skills, he inspired community minded people to help and assist in the foundation of the new Credit Union."⁴ "We originally based our foundation in Rockhampton on the philosophy that came out of St. Francis Xavier University in Antigonish, Nova Scotia in Canada that actually evolved during the thirties after the Depression years. The study of the idea took about two years from 1957 until 1959, and that's basically when the Credit Union was formed, officially."⁵

During this time, a committee of fifteen was formed to organise and assist in the formation of the new Credit Union. "To tell prospective members about this new organisation, "cottage discussions" were held on a regular basis, whereby a member made his home available and invited three other couples to come along and hear a Committee member tell the 'Credit Union Story'. "⁶

These enthusiastic volunteers would explain how a Credit Society such as the one they proposed, would benefit members. "It encourages regular saving, it aids wise budgeting and prudent credit use, it avoids exploitation of borrowers either by excessive interest charges or by harsh treatment in cases of genuine repayment difficulties and it develops a strong spirit of trust and honour between member lenders and borrowers."⁷

The first official meeting of the Park Avenue Parish Credit Co-operative Society was held on the 19th March 1959 at the Tropic Theatre in

Park Avenue, with Fr. Leahy as the first President and Brian Fitzgerald as Vice-President. The guest speaker at this inaugural meeting was Fr. Gallagher from the Australian Antigonish Association in Sydney to speak on the co-operative movement.⁸ Everyone involved in the new group was a volunteer, and interested in the philosophy of co-operatives. The first board consisted of; Fr. Leahy, Mr W.D. Bourke, Mr B.M. Fitzgerald, Mr A.C. King, Mr V.P. McSweeney, Mr J.C. Tunny and one woman, Mrs Lorna Tunny. Also involved were Committee members Mr J.E. Clark, Mrs M.C. Fitzgerald, Mr W.S. Mitchell, Mr A.K. Richardson, Mr H.V. Twigg, Mr R.P. Clements, Mr. N.V. Elsworth and Mr B.A. Millar.⁹

At the time of the society's formation, there were 125 members on the books with about 70 pounds as the foundation kitty.¹⁰ The very first Treasurer of the Society was Mrs Lorna Tunny, who "in a position that called for a sense of responsibility, care for details and patient application... served the members well. In this she justified the resolution of the organisers in insisting on women officials." Mrs Tunny served a year as Treasurer, before she had to resign for "personal reasons" but the Board Directors were so happy with her work that they sought out another lady Treasurer to replace her, Mrs V. Cockburn, who also only served in that position for about a year.¹¹

In July 1959 the society was officially incorporated, the fourth registered Credit Union in Queensland. "Strong emphasis was placed on the basic principle of co-operation which is the hallmark of Credit Unions. Members were made aware that they owned the Credit Union and that by exercising their democratic rights by voting on issues affecting the Credit Union at Annual General Meetings, they also controlled their Credit Union, and that by saving together and pooling their funds, they could lend back to one another at interest rates all could afford."¹²

3 Fairbairn *ibid*, p. 17

4 1911 Encyclopædia Britannica, Volume 24 entry on Schulze-Delitzsch, Franz Hermann

5 International Co-operative Alliance website 'Friedrich Wilhelm Raiffeisen' article

6 desjardins.com 'Alphonse Desjardins'

7 *ibid*

8 Coady International Institute website



Vince Griffin - General Manager - 1979

One of those who didn't need much convincing about the need for another lending organisation was Park Avenue local Vince Griffin. "The first time I heard about credit unions was at the end of '59, beginning of '60 I think it was, and my great friend Brian Fitzgerald, I can remember as plain as day how I got introduced to the credit union movement. I was speaking to my wife after church one Sunday morning and he walked across with another pioneer, Billy Mitchell, and said 'Hey Griffo, would you like to join the credit union?' I had just built a house and I said 'What's a credit union?' And he said, 'It's where you set up a financial -...' I said 'Can you borrow money from it?' He said, 'Yes.' I said 'You got me.' And I borrowed 120 pounds to put the kitchen cupboards in, and since then the

credit union has had a tremendous influence on my life."¹³ Vince Griffin was elected to the Supervisory Committee in 1962 and continued to volunteer in various positions on the board until he was employed as General Manager in 1979.

¹⁰ Brian Fitzgerald OH Raxworthy, 27th September 1991

¹¹ The Co-Operator : A Digest of Co-op, Ideas, News and Prospects, May 1960, page 3, issued by the Park Avenue Parish Credit Co-operative Society Ltd.

¹² The Past, The Present, The Future Booklet Capricornia Credit Union

¹³ Vince Griffin OH, Raxworthy 27th September 1991

Not content with starting the Credit Co-operative, Fr. Leahy then called for a trading co-operative to start up in Park Avenue. The co-operative movement soon had an impact on the people of Park Avenue. "Thanks to Father's efforts, we soon had a Co-op store and a Credit Union - all to help local families buy goods and clothing at more competitive prices - and be able to take out necessary loans at reasonable interest rates."¹⁴

In 1961 the Trading Co-operative was launched and a school savings scheme was implemented (as the students were under the age of 18, under the Credit Union Act they therefore could not yet be members). The educational aspect of the school savings scheme at St. Joseph's Park Avenue was much promoted, as "the move will provide a convenient method of saving for the children so that the fostering of thrift should eventuate. That is its purpose."¹⁵

In the early years, the society was totally run by volunteers, and had many different premises. "It was run by the directors, the credit committee and the supervisory committee. The directors met on a weekly basis, the credit committee met on a weekly basis interviewing applicants for loans and the supervisory committee met every week on a Thursday night to receive savings and loan repayments. ...more than 200 people in that ten year period were involved voluntarily on those committees.... Typical of the history of the credit union, we were in a little shack and they used to come around the back, through the grass and make their loan repayments, 10/- off their loan and 5/- into their savings. Between 6.30 and 9.00 o'clock every Thursday night."¹⁶ In the first days of operation, the headquarters were under Fr. Leahy's presbytery, then they moved to the first 'little shack'. This was a little house owned by Bill Halberstater near the Tropic Theatre. Then there was a little shop opposite the Catholic Church on Main Street and by 1963 when the membership



had reached 300 and the society had moved to new premises - 'Chama Ninga' (so called because the Indigenous meaning was 'belonging to all') at 44 Main Street in Park Avenue, where volunteer officials and members manned the credit union and trading co-operative.

Then the offices were moved to the 'Olive house' in 1972, a small wooden Queenslander house which stood at 37 Main Street on the present site of the Park Avenue Mall. "The lounge of the old house was the office and the verandah was the customers' foyer. I can always remember we nailed a bit of pine board on the sash window and that was the counter, they dealt through the window."¹⁷ Finally in 1974 the society moved to a former news agency on Main Street, opposite the site of the Park Avenue Mall where they stayed in until the Park Avenue Mall was developed.



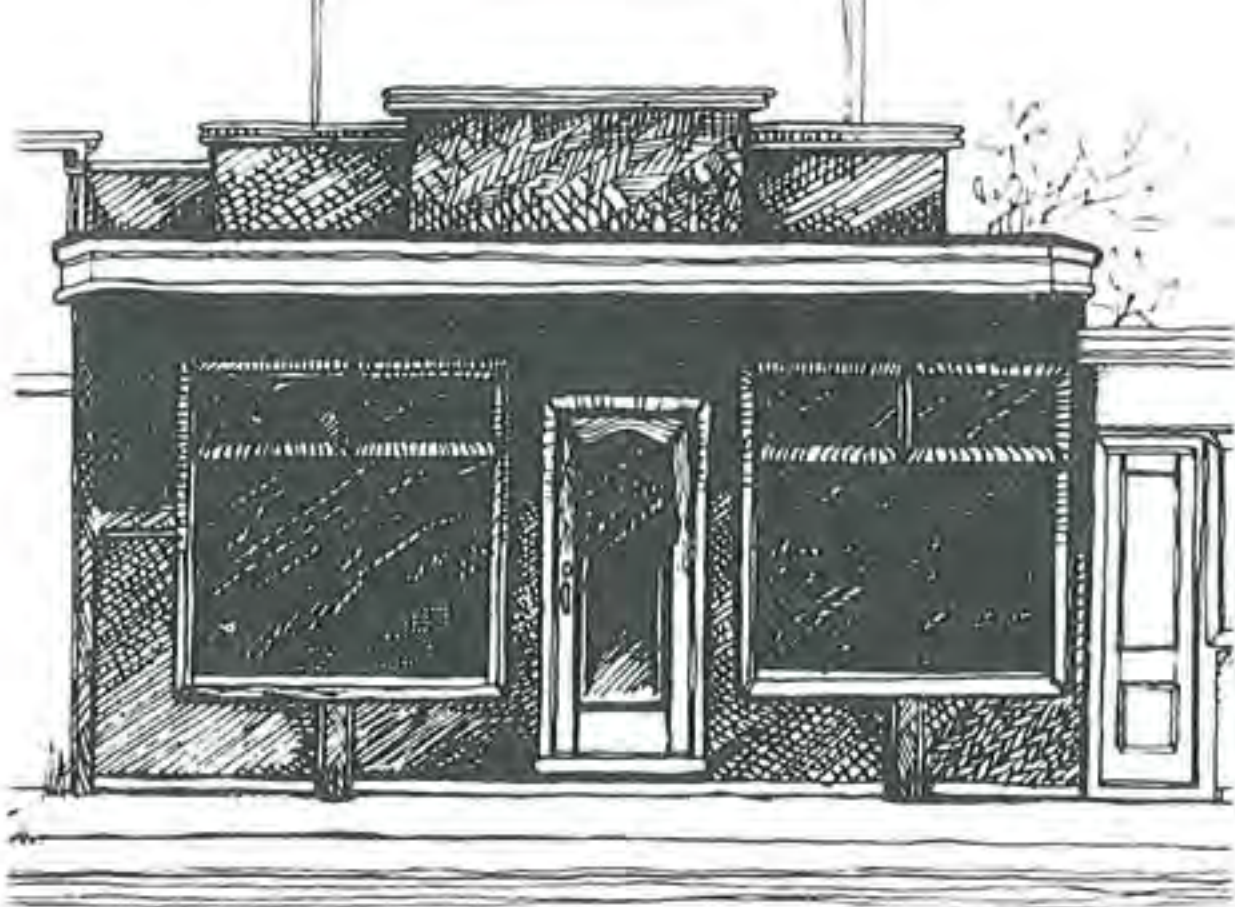
The Olive House - 37 Main Street Park Avenue

¹⁴ Reminiscence of M. Dyer, Park Avenue Parish Golden Jubilee History 1942-1992

¹⁵ The Co-Operator : A Digest of Co-op, Ideas, News and Prospects, March 1961 page 4, issued by the Park Avenue Parish Credit Co-operative Society Ltd.

¹⁶ Brian Fitzgerald, OH Raxworthy September 1991

¹⁷ Vince Griffin, OH Cosgrove, August 1994



1974 the society moved to a former news agency on Main Street Park Avenue

By the time of the second Annual General Meeting of the Park Avenue Parish Credit Co-operative Society on the 29th May 1961, there were 225 members and their enthusiasm was demonstrated by the fact that 137 of them were present at the AGM. At this meeting Fr. Leahy retired from his position as President, but said he would continue to promote the co-operative movement. The rapid growth of the society led the directors to speculate on how many members they may attract. In 'The Co-operator' of June 1961, they voiced a hope that they would be able to claim 300 by the next year. Yet, there were doubts about how they would cope with many more members. "It's interesting for readers to know that the best advice we have received is that we should consider limiting our numbers to 300. Our own experience is teaching us the wisdom of this. The full commitments of a Society of these proportions constitute a big task. The solution to further growth is to form another Credit Co-operative."¹⁸

True to the ideals of co-operatives, during the early 1960s the directors of the Park Avenue Parish Credit Co-operative Society went on to help more credit unions emerge in Rockhampton within already defined parish boundaries. The first of these was the North Rockhampton parish in 1962, then the south side parishes followed. "I can remember Brian and myself and Neville Sedgman going over to the Cathedral Catholic parish in Rockhampton, and speaking to a group of people, encouraging them to start a credit union, and it became the St. Joseph's Credit Union. Subsequently from that there was another credit union started at Depot Hill, and League I think instituted a credit union, the Athelstane Credit Union which was the City Council credit union. Over a period of time, after the 'Cathedral Credit Union' (the St. Joseph's Credit Union) started, they all eventually merged into one. St. Josephs, Depot Hill and Athelstane Credit Union (into the Rockhampton Credit Union.)"¹⁹

¹⁸ The Co-Operator : A Digest of Co-op, Ideas, News and Prospects, June 1961 page 1, issued by the Park Avenue Parish Credit Co-operative Society Ltd.

¹⁹ Vince Griffin OH, Richard Raxworthy, 27th September 1991



John Shaw joined the Board of Directors - 1974



Last Board Meeting Held at 44 Main St - November 1980

M'ship. No. 12.

**CREDIT UNION
CO-OPERATIVE LIMITED**

NAME L. S. BOND

ADDRESS _____

ST. JOSEPH'S PARISH (CATHEDRAL PORTION)
CREDIT CO-OPERATIVE SOCIETY LTD.



SHARES ALLOTTED—

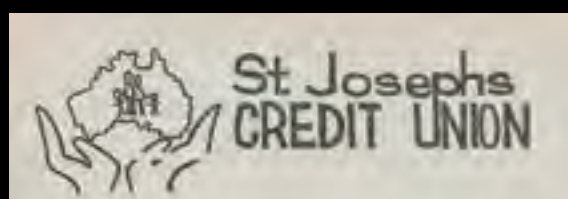
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ST. JOSEPH'S PARISH
(CATHEDRAL PORTION)
CREDIT CO-OPERATIVE SOCIETY LTD.

PARK AVENUE PARISH
CREDIT CO-OPERATIVE SOCIETY LTD.



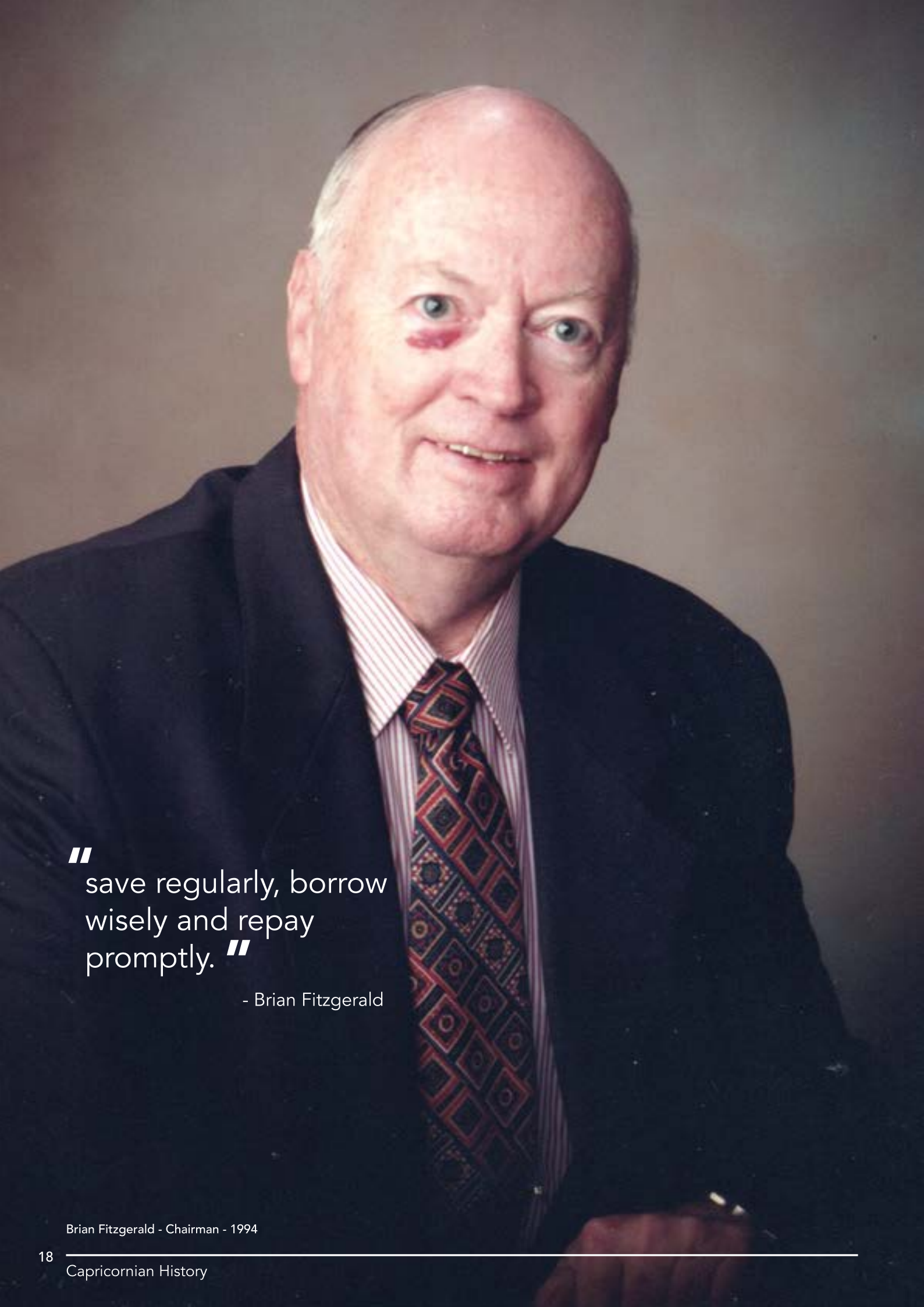
At the 4th AGM in May 1963, President of the Board that year, J.E. Clark, raised the need for more investment in order to assist fellow members, a pressing issue for many years to come.²⁰ A similar concern was raised in 1964, that the lack of capital was preventing loan applications. Also that year, the boundary for membership to the society was extended slightly to welcome more people into the movement. Fr. Leahy suggested that the society was ready to expand, while others declared that membership needed to be limited to preserve efficiency from the volunteer management and maintain personal contact with members. However by 1965 the society had gone ahead and expanded into rural districts like Milman, Rossmoya and Marlborough with the membership increasing to 360. At the AGM, members heard that during the 1964-1965 period, some 70 applicants for loans were interviewed by the Credit Committee and "at times the service of understanding applicants' problems and offering helpful advice has extended outside interviews. Committee members

gained experience of problems confronting country members, difficulties not previously encountered."²¹

Through the 1960s, the society grew slowly but surely, gradually increasing the amount that families could borrow, from a ceiling of 250 pounds to 500-1000 pounds if there were funds available. The "Christian principles of assistance, care, and service to the community" remained at the forefront for the members of the Credit Committee who reported in 1967 that some loan applicants came to secure household goods, others had economic problems like hire purchase, repossession, lists of debts or urgent medical expenses.

²⁰ AGM minutes 20 May 1963

²¹ AGM 31st May 1965



“ save regularly, borrow wisely and repay promptly. ”

- Brian Fitzgerald

CONSOLIDATION

In early 1968 the State Government passed "The Co-Operative and Other Societies Model Rules and Regulations 1968", which required the society to amend their rules and adopt a new set as well as change their name. This provided the opportunity for members to discuss what their new name would be, and for some, the obvious word to remove from the name was 'Parish'. The suggestion was that some people in Park Avenue might have felt that the name Park Avenue Parish Credit Co-Operative Society showed a connection with the Catholic Church and prevent non-Catholics from joining. Fr. Leahy stated that "in the beginning we humbly thought of serving the whole community and there was no restriction on the score of religion" and that he had no objection to the removal of the word parish. At the end of The Special General Meeting of 31st March 1969, the name was amended to 'The Park Avenue Community Credit Union Ltd.'²²

At the AGM of 1969, the Supervisory Committee reported that the Credit Union had completed 10 years of operation, was successful and operating well. However, with 380 members and \$36,000 invested, the voluntary committee had not only grave responsibilities but also it was becoming more difficult to complete the accounting needs. The Board, which had purchased an accounting machine just the year before, was given authority to employ staff, and later that year, Mrs. Lyn Swift was employed on a part-time basis as a clerical machine operator to do the bulk of the accounting and bank work. (Mrs Mary Jahnke replaced Mrs Swift in the role after a couple of years.)

By 1971 The Board was satisfied to see that

the credit union was running more efficiently and more services were available to members. Chairman of The Board at the time Brian Fitzgerald said that "the credit union was not one thing but two, a business enterprise and a people's movement, and disregard or neglect of one or the other would result in a breakdown sooner or later, but that when the two are evenly matched and work together they make an unbeatable team." He also stressed to the members that they must "save regularly, borrow wisely and repay promptly."

²³



²² Minutes of the Special General Meeting 31/3/1969

²³ AGM Minutes 23rd June 1971

The early 1970s saw the Credit Union more than hold its own against the banks and finance corporations. By 1973, despite very little promotion, membership increased by 77, and savings increased by \$40,000 with lending a record \$99,000. The promotion afforded during the year was 500 money boxes, a tax leaflet distributed by mail, 2000 coasters given to householders in the area and a poster displayed in houses and shops. The office moved to 37 Main Street Park Avenue during the year and in January of that year employed a junior staff member for 5 and a half days a week, but there was much discussion about whether there was a need for a full-time Office Supervisor to help the Credit Union to grow to 1000 members. Some members were cautious about the costs involved in hiring a supervisor, but The Board seemed convinced they needed someone to take on the position as they could not handle all the work. In 1974 a senior female staff member was appointed instead, because the board felt the remuneration available was inadequate to cover promotion and office supervision.²⁴

1979 was not only the 20th year of operations for the Credit Union, it was a milestone year for a couple of other reasons. The boundaries were enlarged for the catchment of credit union customers; to the northern bank of the Fitzroy river in the South and West and the Boundaries of the Livingstone Shire Council in the North and East. Discussion was also held about the need for modern and adequate premises and The Board worked in negotiation with Park Avenue Trading Co-operative Society Ltd. to purchase land on Main Street and proceed with development of a strip mall. It was also the year that the Credit Union employed its first General Manager - long term volunteer Vince Griffin. "We had about \$414,500 in deposits and we had a membership of 509. It was then that we decided that we needed professional management and thankfully, when we approached Vince, who had been not only a community member but had been in Rockhampton all his life and had the necessary

financial experience and the philosophy behind the movement, he accepted our invitation to become its first manager."²⁵

Sadly 1979 was also the year that the Park Avenue community lost Fr. John Leahy who died on 11th November, two months away from celebrating 25 years in the Park Avenue community. His achievements in the parish were many and varied, from his support of education both at St. Josephs and the foundation of the high school Marian/St. Stanislaus (which later became Emmaus College) to being the Chaplain at the Etna Creek Jail, as well as his many community projects. At Fr. Leahy's funeral, Bishop Bernard Wallace pointed out that from the time of Leahy's heart attack in 1956, he carried out many activities in spite of failing health. "Those of us who knew him well, think of him as a man of deep faith, of unyielding convictions, and of great courage and determination."²⁶

²⁴ AGM Minutes of 1973 and 1974

²⁵ Brian Fitzgerald OH, Richard Raxworthy, 27th September 1991

²⁶ Fr. Leahy section of Park Avenue Parish Golden Jubilee History 1942-1992



Vince Griffin - General Manager - 1989



Musgrave Street North Rockhampton Branch - 1981



Damian Chapman - Teller - 1995

GROWTH AND MERGERS

1980 saw an end to the Credit Committee function of the Board of Directors as the new Manager Vince Griffin was able to personally interview all loan applicants. It was also decided that the Credit Union would approach the North Rockhampton Credit Union to see if they would like to merge. "The North Rockhampton Credit Union was basically non-existent. It had not been functioning for some time and we felt that we would like to share the credit union philosophy with those people on the Northside. So I approached one of the people who had run it for many years and suggested that maybe they would like to become part of us, which was agreed upon. So we amalgamated the North Rockhampton Credit Union with us."²⁷

At the Annual General Meeting of 2nd June 1980 it was unanimously decided that the name of the Park Avenue Community Credit Union should be changed to the Credit Union of Capricornia Ltd. to reflect the merger.²⁸ There were no bad debts on the audited books of the North Rockhampton Credit Union, and assets and liabilities were taken over by the Park Avenue Community Credit Union on the 30th June 1980. There were some delays in concluding the amalgamation arrangements however, with the official merger not complete until the 19th May 1981. The name Credit Union of Capricornia only lasted for a couple of years - it was changed to Capricornia Credit Union Ltd. in 1983.

From the very first AGM, these annual general meetings had been an important part of the operations of the credit union. By the 1980s, these events had become less about hearing the Chairman's report and information on the health of the credit union, and just as much about the social side, an event where members could get together and have a good time. Hugh Grant was a Director on the Board from 1986- 2007 and he recalls the importance of

these get togethers. "I think the thing about some of the credit union AGMs was the social activities that followed the meeting. That's a bit unusual, you go to one of the big companies who have their AGMs and you get there you go through the meeting and you get out, there's no real socialising."²⁹

Damian Chapman joined the Capricornian as a Teller in 1985 and stayed with the credit union through the next thirty five years, working his way up to Credit Manager, and recalls that the AGM's served a number of purposes. "We had some really good AGMs in the old days. There used to be a really big marketing thing, the girls would ring up people, we used to have 200-250 people turn up because you'd only have to pay \$10 for a three course meal and free grog. You'd get the same people there all the time. It was a good way for the staff to interact with a lot of the members and break down a lot of barriers. There was a band or a DJ, all the oldies would get up and dance. They were pretty big. It was a great marketing tool, gave good awareness of The Capricornian."³⁰

²⁷ Vince Griffin OH, Betty Cosgrove, 23 August 1994

²⁸ Minutes of AGM 2 June 1980

²⁹ Hugh Grant, OH, Jacquie Mackay 17th April 2021

³⁰ Damian Chapman, OH, Jacquie Mackay 17th April 2021



Park Avenue - 1980

With a growing brand and the decision to hire a General Manager, it became apparent that the little shop that the Credit Union had been operating in for the last few years was inadequate. A long held dream of Fr. Leahy and others in the co-operative movement was to build a centre to house all the needs of the Park Avenue community. In 1979, discussions began between the Park Avenue Trading Co-operative Society and the Credit Union to purchase and develop property in Main Street to "provide modern and adequate premises for the credit union."³¹ Vince Griffin recalled that, "it always had been the vision that at some time we would set up a community centre in Park Avenue to overcome the lack of facilities. Originally there was also the Park Avenue Trading Co-op operating. They had plans drawn up. They bought the property from the Olive family and they had a fully enclosed shopping centre [planned] in Park

Avenue, on the drawing board, ready to go. At the last minute, I'm not too sure what happened, whether it was finance, possibly it was. It was never proceeded with."³²

After much discussion, it was decided that the credit union could buy the land from the Trading Co-operative on condition that they could lease space in the proposed mall. Over the space of some months, overtures were made with prospective tenants such as the Post Office and various retailers, and tenders were called for the building contract. The Credit Union took out a loan of \$170,000 from Queensland Co-operative Credit Union League or QCCUL (usually referred to as League), \$22,500 of which went to the Trading Co-operative and the rest for building costs.³³ Seven tenders were received for the project, with the lowest tender from Glen Millar Pty. Ltd. being the one accepted. By July 1980 work had begun

³¹ Minutes of AGM, 25/6/1979

³² Vince Griffin, OH, Betty Cosgrove, 23 August 1994

³³ Minutes of Meeting, 5 and 9th June 1980.



on the mall complex, and construction went quickly, with the official opening on December 4th, including a monumental stone dedicated to the memory of Fr. Leahy. Sadly, the Mall was not as big a success for the Trading Co-Operative as it was for the credit union, within two years it had ceased operations.³⁴

New Manager Vince Griffin was pleased that they were able to realise a dream of the Park Avenue facility. "We opened that in November 1980 and that consisted of a post office, a doctor, a chemist, hot bread shop, hairdresser, the Co-operative, and our office. I think our assets then might have been in the vicinity of \$1 million and we borrowed \$180,000. I often think back, we were a bit courageous I suppose. But we paid that back within eighteen months. That really was the making of the Credit Union, because you had to have an office." It was also a source of great interest in Park Avenue, which always had a strong community spirit. "I think

it was the old example of people taking pride in that they owned it. It was theirs. When we built the Mall and opened it, it was owned by the people, not a multi-national or a group of entrepreneurs. It was owned by people. And bearing in mind that once we opened that, we were immediately getting rent of about \$34,000 a year, for an outlay of close to \$180,000. So we immediately had an income coming in."³⁵

³⁴ Minutes of Meeting 21/4/1982

³⁵ Vince Griffin OH Betty Cosgrove 23/8/1994

During 1980 while the credit union was busy with the building of the new Park Avenue Mall, another important advancement was quietly being investigated; computerisation. A new accounting machine was bought from the Metropolitan and Redcliffe Hospital Credit Union with all the ledgers transferred to the new machine within the space of a couple of months. Chairman of the Board John Shaw and Manager Vince Griffin visited QCCUL to talk about computer installation, as League were offering to supply them with a Microdata/AWA computer plus printer and computer programme to be in operation by the 1st October 1981. The Credit Union would also buy two terminals. League would be responsible for installation, staff training and maintenance of the computer at a cost of \$7,000 for the installation and training plus a processing charge of \$650 a month plus 25c per member per month.³⁶

Despite keeping busy with the merger with North Rockhampton Credit Union and the building of the new mall, it was in 1980/81 that the Credit Union started to explore the possibilities of expanding through branches and agencies. It also began to offer companies the opportunity for payroll deductions for staff with accounts at the credit union; some of the first included Austins Welding Works, Godwins Holdings, Humes Ltd, ARC Engineering. Manager Vince Griffin says the rapid growth of the credit union in the early years of the 1980s was also linked to a couple of factors.

"One of the reasons for the growth was our marketing into the area as well as in those days, payrolls. The facilities changed very quickly; your concentration on marketing was quickly realised that the future was getting into payroll facilities....We approached the various business houses. I can remember one particular case, Curragh mines. In those days, the mines were going into payrolls and I can remember them phoning me one morning about 9.30am at the office. They said 'Look, we are going to provide facilities to the credit union for our employees.

Are you interested in providing that?' I said 'Yes, of course we are.' They said 'Well, we are meeting with three southern credit unions today, and if you are interested you've got to be out here by one o'clock.' I said 'Yes, we'll be there.' So I jumped in the car and flew out to Blackwater and got out there with twenty minutes to spare. In the meantime, three of the very large southern credit unions who had had prior notice had come up from Brisbane and presented their case. That was one of the greatest kicks. I presented a case to them and the next day they phoned to tell me we had won the right. Things like that gave you wonderful satisfaction. We had a lot of the business houses in Park Avenue and some of the railway department very early, we got the facilities for them. That was one of the things, recognising the areas in which to market. That helped us develop."³⁷

By the Annual General Meeting in August of 1982 Chairman John Shaw (a lawyer who moved to the area with his family and joined the board in 1973) was able to look back on a year of "excellent growth...and the attainment of a higher standard of professionalism." Which not only included computerisation and the opening of a branch in Dean Street, but new agencies in Rockhampton and country areas (Emerald and Blackwater) and participation in the Tony Barber TV commercial for credit unions.³⁸

³⁶ Minutes of meeting 10th June 1981

³⁷ Vince Griffin OH Betty Cosgrove 23/8/1994

³⁸ Minutes AGM August 1982



John Shaw - Chairman - 1989

Another area that the society branched into during 1981 was offering facilities for insurance. The boundaries for membership to the Credit Union were also amended in 1981 to include people who lived or were employed within the boundaries of Peak Downs, Gregory and Dawson Highways and the Eastern Coast Line. This enabled more people from a greater area of Central Queensland to become members of the Credit Union of Capricornia.

During the period of the early 1980s, while the credit union was increasing its membership, becoming both more professional and busier, it was also watching its competitors very closely. This was not only the banks, but building societies in the region as well as fellow credit union, The Rockhampton Credit Union Ltd. A meeting in March of 1982 heard that; "Interest rates are becoming more competitive with banks offering higher rates. Rockhampton Credit Union offers up to 16% for minimum \$10,000". By the next month the Manager suggested that rates be revised in view of changes by other financial institutions. By May "Savings must be revised to remain competitive as a result of recent increases by other institutions. The manager has recommended that loan interest be increased from 10 to 11% and 18 to 20%."³⁹

Visits to western areas continued through 1983, with Vince Griffin going to Blackwater, Dysart (including Utah coal company) and by the end of the year the instruction was for agency facilities to be established as soon as possible in the towns of Middlemount, Moranbah and also in Mackay city.⁴⁰

The growth that the credit union experienced in just a few years after opening the new office was unexpected, and was an example of "you have to look good as well as be good."⁴¹ Vince Griffin says that they never anticipated the growth that then occurred. "We went from a staff of three to a staff of 14 in about 900 square feet in about three to four years. Obviously you could not continue - it was a wonderful situation in one way - we were a

very close-knit staff. There were 14 people in that little space and it just became impossible to continue to operate and grow and so we were looking around for other places in which we could handle our growth and obviously it was felt we should be over town in the main area there to handle that growth."⁴²

By the end of 1982, the loan for the Park Avenue Mall had been paid back to League and in 1983 there were discussions about finding new premises with room for future expansion.⁴³ It was decided to start a branch on the South Side of Rockhampton in rented offices at the MLC building in Denham Street, which was duly opened in February 1984 with a staff of three.⁴⁴ A sub-committee of Board Chairman John Shaw, Directors Geoff Murphy and Ron Cockburn was formed to investigate the purchase of a suitable premises in South Rockhampton. The rest of Central Queensland was not forgotten either, with the Board resolving to develop the credit union to service the whole of the region and a full branch opened in Emerald in January 1985.⁴⁵

By July 1984 the Credit Union had entered an agreement with CBC properties to purchase the National Australia Bank at 114 East Street for \$670,000 with possession on 22nd November of that year.⁴⁶ At the time, Chairman John Shaw outlined to members that it would mean larger premises to accommodate staff for future development and for closer identification in the city area. Manager Vince Griffin stated that the Head Office would eventually be relocated to the city area, and that the Park Avenue office would continue to provide normal service, but with reduced staff.⁴⁷

Chairman John Shaw considered the purchase of the old National Australia Bank to be one of the significant highlights of his time, as it proved to be an excellent real estate investment. Shortly after settlement on the National Australia Bank, the Kern Brothers accepted the valuation figure of \$1.2 million on the site and bought the old bank site

³⁹ Minutes of meeting 5th May 1982

⁴⁰ Minutes of Meeting 14th September 1983

⁴¹ Vince Griffin OH Betty Cosgrove 23/8/1994

⁴² Ibid.

⁴³ Meeting 17th August 1983

⁴⁴ Minutes of Meeting 20th February 1984

⁴⁵ Minutes of meeting 2nd and 16th April 1984

⁴⁶ Minutes of meeting 11th July 1984

⁴⁷ AGM Minutes 14/9/1984



Board meeting in 1984/1985

Bottom from left - Ted Beaumont, Brian Fitzgerald, John Shaw, Hugh Grant, Peter Thompson
Back from left - Vince Griffin, Dick MacNevin, Ron Cockburn, Glen Miller, Robin Town

from the credit union to create their planned shopping arcade.⁴⁸ "Within ...a very short period, we had made ourselves half a million dollars in profit. A profit which in those days, we wouldn't ordinarily make in three or four years. Of course, with our tax exemption, it was a great boost."⁴⁹

The problem was that the credit union still needed additional space in South Rockhampton, but they found some more room in the branch in the MLC building in Denham Street and the main administration office was transferred from Park Avenue to that location in July 1985.

A Southside office was not the only issue of interest to the credit union management and board in the mid 1980s. Another potential merger was in the offing. In the early 1980s, Queensland League came to the Capricornia Credit Union with concerns about the number of bad debts that the Rockhampton Credit

Union had accumulated, and to see if there was any possibility of the two credit unions amalgamating. Manager Vince Griffin said they would be interested, but at that time nothing eventuated because the RCU gained a new manager and League felt the problems would lessen.⁵⁰

Yet the possibility of such a merger led manager Vince Griffin to monitor the situation of the Rockhampton Credit Union. Vince Griffin remembers that "after a couple of years, it was obvious that they were getting back into the same old trouble of bad lending, and I knew who they were lending to. I was knocking back people who applied for reasonably large amounts (because I knew they were a very high risk) and they were going straight across to the Rockhampton Credit Union and getting the money. I used to get the monthly Dun's Gazette (which printed information about bankruptcies), and every month there were more and more judgements being taken

⁴⁸ Minutes of meeting 18th March 1985

⁴⁹ John Shaw OH, Betty Cosgrove 26th September 1994

⁵⁰ Vince Griffin OH, Betty Cosgrove 23rd August 1994

out by the Rockhampton Credit Union. It was obvious that they were getting into trouble through bad debts.

"In the meantime, I was successful in standing for the Queensland Credit Union League Board. That was about 1983 and even then I was aware that the way the Rockhampton Credit Union was going they would eventually go to the wall. One of the reasons I got on that Board - I'll be quite honest - was to try and influence the Queensland Credit Union League to do something because I was concerned that it would undermine the industry and it could destroy us. There were only three credit unions in Queensland, two in Rockhampton, if one goes down, obviously this would take us with them.

"Unfortunately my criticism was misinterpreted and no action was taken. It was allowed to continue until early 1985 at my insistence they decided to have an investigation into Rockhampton."⁵¹

Chairman John Shaw recalls that it was Vince Griffin's persistence that ensured Rockhampton Credit Union's bad debt situation was investigated thoroughly. "Indeed he went to League (the state organisation of co-operative credit unions) at that time and told them that he thought that there was some danger there and that they should look at the figures in the annual report, which they did, they came back and said no, we have no concerns. That was the biggest mistake ever made by League. It cost them a lot of money. They failed to see, they failed to act. And in the end, it cost them over a million dollars from the ...reserve fund that they had when a credit union went bust to provide funds. And by failing to act, the situation got worse. And then eventually, when it all came out that there was bad debt, it was agreed and encouraged by League that we merge."⁵²

Vince Griffin recalls, "League wanted to know whether we'd be prepared to merge to overcome the problem. Basically it was a

takeover, but was treated as a merger so we could keep the lid on the thing for obvious reasons and to protect the industry.... Eventually we agreed to merge with them, provided an audit was done on their loan portfolio because I still argued they had undisclosed bad debts. The League then got a leading firm of accountants in Brisbane to come up here and do an audit and they came back with a report that there was a further \$450,000 losses in undisclosed bad debts. We thought, "we were right, but we can still handle that."

"So we agreed to merge and held a series of meetings which were organised very quickly. The Rockhampton Credit Union had a meeting on 6th November 1985, that same night the Capricornia Credit Union had a meeting of our members. They agreed to merge with them and then we had a final meeting all together. They came over and all together to say we'd form a new credit union which would be the Capricornia Rockhampton Credit Union.

"We went ahead with that, but very quickly it was obvious that \$450,000 was only the tip of the iceberg and very quickly I realised that..., it was obvious that we had big problems... Eventually over a period of three years I think we wrote off in excess of \$3 million."⁵³

Queensland Credit Union League used their saving protection fund to provide assistance to the merged Capricornia Rockhampton Credit Union - eventually providing a grant of almost \$1.5 million.⁵⁴ The name Capricornia Rockhampton Credit Union proved not only to be long winded but also problematic for marketing purposes. Manager Vince Griffin argued that the name should be changed back to the Capricornia Credit Union as "with the name 'Rockhampton' included, promotion in areas of Mackay and Emerald would not be achieved, and the longer title caused problems in advertising and identification in dealing with the public." By 1987 it was agreed that the credit union once again be known as the Capricornia Credit Union Ltd.⁵⁵

⁵¹ Ibid.

⁵² John Shaw OH Jacquie Mackay 25th March 2021

⁵³ Vince Griffin OH, Betty Cosgrove 23rd August 1994

⁵⁴ Vince Griffin OH Betty Cosgrove 23rd August 1994

⁵⁵ Minutes Special General Meeting 16/11/1987

Despite a difficult and stressful time, the merger with the Rockhampton Credit Union gained the organisation more than 10,000 members to make it the largest community credit union in Queensland.⁵⁶ It also gained them the old Bank of Australasia (later ANZ) building which was the Rockhampton Credit Union headquarters at the corner of William and East Streets.

While the building was in a perfect location for the head office of the credit union, it was not in good condition. Vince Griffin recalled that no sooner had the merger been sorted out then, "the next thing was to overcome the problem of the building because it was falling down. We decided to knock the building down and build a new one. We completely bulldozed it all except the façade and built on to that."⁵⁷ The directors of the Credit Union decided that they had a "responsibility to the community to retain the façade - it was a landmark – a part of the city's history" but that a new office was

essential for a modern financial institution.⁵⁸ In 1989, Architect Robert Buckley put forward revised plans for keeping the façade of the old building and attaching a new building, with Glen Millar Pty. Ltd to be the builder of the project. In the mean-time while building was underway, the head office was re-located to a temporary leased space at the Capricornia Electricity Board building at 116 East Street.⁵⁹ The new building behind the original façade was completed and officially opened on 2nd June 1990.⁶⁰

⁵⁶ Minutes of the 1st AGM of the new Capricornia Rockhampton Credit Union 29/9/1986

⁵⁷ Vince Griffin OH Betty Cosgrove 23rd August 1994

⁵⁸ Newsletter to members inserted into the Morning Bulletin 11/7/1990

⁵⁹ (Minutes Board Meeting 18/9/1989)

⁶⁰ Minutes Board Meeting 23/4/1990



East Street Rockhampton Branch - 1990



Savemore Centre Yeppoon Branch - 1992



Miriam Vale Branch - 1994

TIME FOR CHANGE

Having come through tough times and the debts that came with the Rockhampton Credit Union merge, the 1990s was a time of increased prosperity and further technological advancement.

The financial year 1990/91 saw a record profit of \$417,515 and the opportunity to look ahead at the needs of the members.

It was decided to introduce Visa Card – which would cost the user \$1.00 per month for processing and entitle them to six cash withdrawals per month from ATM's, with any additional cash withdrawals costing \$1.50. The benefit for the Credit Union was 1% commission each time a member used the credit card for retail purchases.⁶¹

Due to high growth in the area, in 1992 a new branch for the Capricornia Credit Union opened in Yeppoon at the Savemore centre⁶² and soon an opportunity presented itself for a branch a bit further afield in Miriam Vale. Vince Griffin remembers that he heard on the ABC a story about a big public meeting in Miriam Vale of people who were objecting to Westpac bank closing their branch. He says that people were “clamouring for another financial institution”, and that he felt the Capricornia Credit Union could be that institution.

“Initially the whole thing was to provide a

service and to assist the people overcome their needs, the pensioners and the average person. It was a 150km round trip for them (to bank at the next nearest branch). I then phoned the Miriam Vale Shire Council and spoke with the Shire Clerk. He said they were looking into all offers of providing facilities. I went down and met with the Chairman of the Shire, a representative of his councillors and the Deputy Shire Clerk. We discussed the situation there and intimated that we may be interested in providing the facility subject to them using us for their financial facilities.”⁶³

Chairman John Shaw says that the case for Miriam Vale was an “interesting one.”

“We didn’t think it was a commercial viability to do that (set up a branch in Miriam Vale) unless we had the council’s business. And at that stage councils could not borrow, or indeed deposit with credit unions (under the Local Authority Act). So we made representations, as they did, and we ended up changing the Act that enabled all councils in Queensland to deposit money and seek loans from credit unions, and building societies were also included in that legislation.”⁶⁴

⁶¹ Minutes Board Meeting 29/1/1991

⁶² Capricorn Coast Mirror pg 8, July 1992

⁶³ Vince Griffin OH Betty Cosgrove 23/8/1994

⁶⁴ John Shaw OH Jacquie Mackay 25/3/2021

Vince Griffin says that they were fortunate that he was able to arrange a meeting with Premier Wayne Goss to explain the situation. "We were lucky because they were revising the Local Authority Act (at that time), so it simply meant just going a bit deeper. Give the Premier his due, which amazed me, things happened very quickly. We got the Act changed in December and we opened (the branch in) Miriam Vale on the 24th January 1994.." ⁶⁵

The Credit Union were able to then look after the financial needs of the Miriam Vale Shire Council, including payroll and it was the first time that a credit union was able to handle a local authority's account. "It was the first in Australia and it has opened it up now for every building society and credit union to go and market to local authorities. ...In Queensland the precedent was set...we thought that was quite a feather in our cap." ⁶⁶

We leave Betty Cosgrove's section of the Capricornian's history in 1994 and move into a notable event. At the end of 1994, Vince Griffin retired after 15 years in the role of Manager and more than 30 years involvement with the Credit Union. "Quite frankly I was ready for retirement. We had pretty tough years after we merged with Rocky. It turned out there were massive bad debts, even more than I thought. Everybody used to tell me, and all the CEOs there, used to tell me 'you can't survive' and I used to say 'we'll bloody well survive, don't you worry about that.' It was a pretty tough four years but by the time I was getting on for 65 and by then we'd overcome all the problems and were back into good profitability and I was ready to retire." ¹

Finding a successor was not easy, but when Vince Griffin and John Shaw were interviewing prospective CEO's, one stood out because "he believes in the credit union philosophy." ² That person was Peter Mogg who took up the role of General Manager at the end of 1994.

"we'll bloody well survive, don't you worry about that."

- Vince Griffin

38 year old Peter Mogg came to Rockhampton from his role as a financial officer at Manchester Unity financial group in Adelaide after starting his career in finance at the Commonwealth Bank. In his words, he not only liked the business model of credit unions, it also "aligned very well with my own personal social views, the concept of getting together, banding together to help each other." ³

In learning the ropes of his new position, Peter Mogg was tasked with the role of putting together a plan for the organisation following a human resources review. "None of the staff members had things like job descriptions or even fixed positions or anything like that, it was all pretty loose. So that was my first real task was to get an organisational structure in place with position descriptions and performance appraisal system and people understanding exactly what their job was, and what we were wrong about as an organisation." ⁴

The Credit Union was given a mission statement, revealed at the Annual General Meeting in 1995 that; "Everything we do; should assist residents of Central Queensland to select CCU as their preferred financial institution; should deliver a competitive package of financial services and products; should demonstrate that...our objective is to serve members' interests; should reflect the advantages of dealing with an organisation which is based on co-operative principles." ⁵

⁶⁵ Vince Griffin OH Betty Cosgrove 23/8/1994

⁶⁶ Ibid.

¹ Vince Griffin OH Jacquie Mackay 17/4/2021

² John Shaw OH Jacquie Mackay 25/3/2021

³ Peter Mogg OH Jacquie Mackay 22/3/2021

⁴ Ibid.

⁵ Minutes AGM 28/10/1995



Peter Mogg - CEO - 1994

By this stage there were 21,569 members and most of the loans that were being taken out were for a vehicle, boat or caravan (24.3%) or for purchasing a home (23.5%). That year there was also a good deal of publicity around the Prices Surveillance Authority's enquiry into bank fees which the Credit Union noted "triggered a noticeable increase in the number of people looking for an alternative financial institution", especially when they could offer a "no fee" policy.⁶

In Peter Mogg's first year as General Manager, CCU also introduced "Sunny Loan" a happy little character who could explain to customers the benefits of getting a personal loan for any worthwhile purpose with low interest, flexible repayments, no application fees or penalty for early repayment and approval within 24 hours. Also significant was the launch of "Cuecard", a plastic debit card used to access a savings account through EFTPOS terminals or ATMs.⁷

⁶ Ibid.

⁷ Ibid.

⁸ Peter Mogg OH Jacquie Mackay 22/3/2021

⁹ Ibid.

At the time Peter Mogg joined CCU, "pretty much all of our members were linked to a passbook account", which meant a lot more work for the tellers to update, and because they were manually processed, they were costly to look after. "The first thing we did was to introduce plastic cards. We had Visa cards, but there were only a few hundred....so we converted pretty much all of our membership away from passbooks to plastic card."⁸

This new initiative had "mixed reactions" from the members. "A lot of people were saying 'about time' and there were some people, they were hanging on to their passbook to the grim death. You could pretty much pick up on generational lines, older people who'd grown up with passbooks, wanting to keep them. I think in the end, we grandfathered a group of pensioners and said 'you can keep your passbooks, basically forever. And it was a small group of them, but it was a hard slog to get the membership base converted over to a card-based account at that time.'"⁹

The introduction of the Cuecard, meant that the Credit Union needed ATMs of their own, not just rely on other banks'. "We didn't have a lot of money, so we bought a fleet of banged up second-hand ATMs. I think we paid less than \$10,000 each for them, but it did the trick and we had an ATM installed in every branch."¹⁰ The first one was installed in the Rockhampton Shopping Fair in December 1996, and by the next year ATMs were located in Emerald, Gladstone as well as Northside Plaza.¹¹ By 1999 all of the branches – including Miriam Vale, Park Avenue and Yeppoon had their own ATM.¹²

Another new service introduced at that time was "Phonefa\$t", the Credit Union's new telephone banking system which was accessible to members 24 hours a day 7 days a week, and which within a short time in operation was taking 8000 calls a month.¹³ The next change was that transaction fees were introduced in December 1997. In that

year Chairman John Shaw reported, "In past times sufficient interest margin was earned to enable the cost of transaction processing to be absorbed. With recent changes in the market place impacting on the credit union's interest margin, the very significant cost of transactions can no longer be absorbed. Simply put, if you don't pay for your transactions, another member must. So in the interests of fairness and equity to all members, a comprehensive series of fees and charges will be introduced from 1st December. However members have the ability to avoid or reduce charges by careful planning of their transactions."¹⁴

Peter Mogg felt it was important to convince the board, the staff and the members that these fees were inevitable. "There was a bit of reluctance there. So we had to sit down and explain to staff members that it's unsustainable if we continue on in the current way. We did set it up though, that it wasn't an across the board fee rise, we gave members options. It was about educating the members to modify their habits, so that they could continue to use the credit union services, either cost free or at very low cost. A lot of people did that, (but) we did lose quite a few thousand members who closed their accounts, but as I said 'Look, those accounts we were losing money on anyway...if all they're going to do is cost you money, they are actually an imposition on the other members.'"¹⁵

Credit Manager Damian Chapman saw that while it was an unpopular move for some people, it was one that had to happen. "We actually held off for years. All the big banks were just slugging the low-income earners, the pensioners, they were giving them fees, so a lot of them came to us and joined up as members and we held off for about five years.

¹⁰ Ibid.

¹¹ Minutes AGM 25/10/1997

¹² Minutes AGM 29/10/1999

¹³ Minutes AGM 25/10/1997

¹⁴ Minutes AGM 25/10/1997

¹⁵ Peter Mogg, OH Jacqui Mackay 22/3/2021

But in the end we just had to (bring in transaction fees) because some of the Eftpos transactions and ATM fees were coming in and we were absorbing them and we said we can't absorb them anymore. We had a bit of backlash over that; 'you're just like all the rest', but nothing to say 'thanks for not charging us for five years.' You can only wear it for so long. The management at that time made some tough decisions – that's why we're still here. The management and the board, I think we've got a lot to be thankful for, well I have personally, for those decisions that they made at that time." ¹⁶

¹⁶ Damian Chapman, OH Jacquie Mackay 17/4/2021

“
We didn't have a lot of money, so we bought a fleet of banged up second-hand ATMs.**”**

- Peter Mogg



Brian Fitzgerald using the first ATM installed in Rockhampton Shopping Fair Branch - 1996

Another of the changes that occurred in the mid '90s was the introduction of the uniform consumer credit code at the end of 1996, which was legislation put in place to protect consumers who borrow money. Prior to this, obtaining a loan was reasonably simple. "Before, someone would walk into the office, and you'd take some details off them, go outside, do a quick credit check, employment check, we'd send it off to one of the girls and then you'd walk it down to the Loans Manager, it was all paper based in those days. You could approve a loan in the morning and give them a cheque for a car in the afternoon. It was a lot easier than it is now."¹⁷ Peter Mogg agreed that it was a simple system but that the new code required a great deal more information and work. "We need(ed) to do software amendments, we needed contracts, we need systems, it was a whole new (system), I mean that the lending environment around at the moment that people take it for granted. But it wasn't always that way. So that was a fairly significant job in itself, taking a couple of years of work."¹⁸

Many of the changes instigated in the late 1990s were designed to improve the cost effectiveness of operations. Transaction fees were one, the other was that during 1997/98, the entire agency network was closed. In his Chairman's report for that year, John Shaw explained that "when agencies were first

introduced, you could only access your credit union at a branch or agency. There are now a wide range of methods to operate on your account, and the cost of running a manual agency system now far outweighs the benefits – an independent consultant calculated that the full cost of supporting agencies was between \$4 and \$5 per transaction."¹⁹

The end of the 1990s were a busy time for Peter Mogg who noted "there was not a quiet moment", with the development of the organisational structure, the transaction fees, the ATMs, the Cuecards and then towards the end of the decade, the need to upgrade the computer system to avoid the "Y2K" problem. "We had this sort of Y2K issue, right across our industry. We were going through our upgrading stuff, and then we were told right at the last minute, that this particular program was not going to be upgraded to be Y2K compliant, so with less than three months to go, we had to convert onto a new banking platform....It was a big job, and we had a fantastic group of people who took on the project and made it happen and we did get across the line....So you know, it was just one thing after another, it was certainly major, each one of these is a major project in itself, and we had a number of them running concurrently."²⁰

¹⁷ Ibid.

¹⁸ Peter Mogg OH op.cit.

¹⁹ Minutes AGM 23/10/1998

²⁰ Peter Mogg, OH Jacqui Mackay 25/3/2021



Rockhampton Shopping Fair Branch - 1996



Rockhampton Shopping Fair Branch - 1996

BEARING FRUIT

The difficult decisions of the late 1990s regarding cost control were successful, with the organisation showing improvements in financial results. The profit made in 1998 was \$60,754 and by 2000 had more than tripled to \$225,050. New loan approvals were at a record level of \$43 million – a 48% increase on 1999, a fact that was put down to “extremely competitive home loans and personal loans”. That same year also saw the introduction of new services for the members such as ‘ONELINK’ Mastercard, internet banking and access to B-Pay bill payment. Yet despite the many changes, there was still one constant for the organisation – their goal to “help members to get the best value from their personal finances.”²¹

The next couple of years saw the Capricornia Credit Union continue to thrive, with further record loans of \$50.2 million in 2002 due to the buoyant housing market and the government’s “first home owners grant”.²²

Yet the improvements designed to increase profitability were still not quite enough. Since the 1990s, changes in legislation and regulations have been continual and an onerous task for the credit union to keep up with. The first major new regulation that Peter Mogg had to deal with was the introduction of capital adequacy requirements in 1992 which meant that non-bank financial institutions like credit unions had to hold a permanent capital equal to 8% of total assets. The rationale behind this amount of capital adequacy was that “such a level of capital is the minimum required to protect depositors against loss arising from default by borrowers.”²³ However at this time, the credit union had a ‘very low level’ of capital adequacy when Peter Mogg took over the reins. He surmised that there were a number of reasons for this. “For historical reasons, number one the board have always taken the view that the organisation was not there to

make a profit, profit being the main source of accumulated capital for credit unions, and it had run pretty much close to break even for many years. Secondly...(the merger with the Rockhampton Credit Union) effectively used up a lot of the capital that was there. So in ‘94 we’re coming into an environment where we’ve got new regulation requiring minimum capital adequacy requirements and a range of other things. So that was one of our greatest issues that we always had to deal with.”²⁴

It didn’t help that the government was making it harder for credit unions to make a profit. First by withdrawing the tax benefit in 1994 that had been previously allowed for credit unions, which mean that from that year, profits were initially taxed at 20% and then after 12 months attracted the normal company tax rate (at the time) of 33%.²⁵ Then from the 1st July 2000 a “significant influence on the reported profit” came from the introduction of the Goods and Services Tax (GST). As financial services were “input taxed” for GST purposes, the majority of GST paid on purchases is borne by the credit union. The Board adopted a policy of not passing this cost onto members through higher fees and charges during the introductory phase of the new system, resulting in \$116,055 of charges being absorbed by the credit union.²⁶

The need for improvement in capital holdings meant they had two options “we could find a way to improve our capital or we could merge with another organisation.” Peter Mogg chose to find a way to improve their capital holdings, doing a great deal of research into what was possible for a credit union to do without demutualising, and came up with the idea of what came to be called the Capricornia Investment Bonds.²⁷

²¹ Minutes AGM 27/10/2000

²² Minutes AGM 25/10/2002

²³ Kevin Davis, ‘Prudential Regulation and Australian Credit Unions’ Abstract, Department of Accounting and Finance University of Melbourne, 18th December 1993

²⁴ Peter Mogg, OH Jacquie Mackay, 25th March 2021

²⁵ Minutes Annual General Meeting, 23/1/1993

²⁶ Minutes Annual General Meeting 26/10/2001

²⁷ Peter Mogg, OH, op.cit.



Tony Edwards - Chair - 2021

Tony Edwards, a local accountant who joined the board in 2000 and became Chair from 2013-2023, acknowledged that this was an important initiative. "In those days we weren't earning sufficient profits to grow the capital, there's only limited ways to grow capital for a mutual organisation - a large bank can grow capital by making profits and only distributing part of those profit as dividends. Because there was the pressure by the regulators to increase the amount of capital that we held, then we went through the process of developing these bonds that would satisfy Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC). That was actually a first in Australia, in the mutual industry, the credit union industry to develop those bonds. They were developed by our previous CEO Peter Mogg, and he was a very

intellectual sort of person and he was able to work out a way that this would satisfy the regulators without falling foul of our principles of mutuality.

"We put out a letter to all of our members saying this is what we're doing and why we're doing it, and this is a way that you can invest your money instead of perhaps putting it on a term deposit, you can put it in this capital instrument and probably get a better return than a term deposit. The 'shares' were not tradeable on the stock exchange so they couldn't be readily sold, and we had no difficulty at all in filling that. As well as fulfilling a need for the credit union, it also fulfilled a need for some members who needed to get a better return on investment."²⁸

²⁸ Tony Edwards, OH Jacqui Mackay 17th April 2021

The Capricornia Investment Bonds were introduced in 2001 and raised approximately \$7 million to supplement the capital base. The next step in the process for Peter Mogg was to develop what was to become the Capricornia Investment Shares. "Part of that process was we had to create a market so that members could trade their investment shares. That whole process took three to four years to put together and one of the reasons for that is that essentially nobody else had done it. You know, we were fairly pioneering, in the area of supplementary capital for credit unions. We had to write a prospectus and have it approved by ASIC and of course they weren't going to just rubber stamp it because they'd never seen one from a credit union before. We had all sorts of meetings and discussions, not just with our regulator APRA, but also with ASIC, all sorts of submissions. Going to Melbourne to meet with the decision makers, it was a very convoluted process to get all the approvals in place that we needed. I think from memory we raised about \$2.6 million I think it was, which was a much higher grade of capital than the original bonds that we issued, and that helped us to build the size of the credit union to a level where you're starting to get a viable type of size." ²⁹

Introducing a completely new way of raising capital in this way enabled the credit union to continue to grow rather than fade away, however it was not an easy option by any means. "It took a lot of people, including myself, out of their comfort zones. But we had thorough discussions over a period of time, to work through the options. The inevitability that we either had to do this, or just give up and like so many other credit unions just merge off. When I got involved in the credit union there was about 700 (credit unions) in Australia back in the mid '80s. I think now there are less than 50, so the fact that Capricornia has made it to the last 50 credit unions, I think there's a whole range of issues, but if you go back to those days, there was the stock standard response 'you can't meet the regulatory guidelines, you're not growing, you can't do anything for your members, go

join another organisation.' But we resisted that and it was a case of finding how we could do that, hence our exploration of all the capital options. There was no how to manual, nobody else had done this before. So we had to pick up the Corporations Act and work out how to do it for ourselves." ³⁰

Ross Strelow who was Chair of the Board from 2004 to 2013 agreed that these new ideas were absolutely necessary to increase profit levels. "One of the things that I'm most proud of is that Peter and the board developed a capital instrument, a fancy way of saying investment shares, hardly any other credit unions had in Australia. That meant we could grow because under the regulations at the time, you could only have a certain amount of assets depending on the amount of your capital, so by having the fixed capital in the investment shares, that allowed us to increase the size of the business." ³¹

By 2005, these new methods to raise capital had borne fruit, with the credit union reporting that they had a capital adequacy rate in excess of 12% (compared to the statutory minimum of 8%).³²

The Capricornia Investment Bonds were introduced in 2001 and raised approximately \$7 million to supplement the capital base.

²⁹ Peter Mogg, OH, op.cit.

³⁰ Ibid.

³¹ Ross Strelow, OH Jacquie Mackay 17/4/2021

³² Minutes of Annual General Meeting 30/6/2005



Vicki Bastin-Byrne - Board Director -2021

BEGINNINGS AND ENDINGS

The 2000s ushered in an era where the credit union saw some records broken in figures for profit and demand for loans. In 2005, the credit union recorded a profit after tax that had increased from the year before by 8.5% to \$842,031 and loans up to \$79.3 million from \$61.9 million. With constant upgrades in technology and regular changes to government regulations, the credit union management and board had a lot more information to absorb and understand. Ross Strelow, an accountant and travel business owner who joined the board in 1992 and was chair for nine years from 2004, understood that these regulations meant changes for the liability of the board directors. "So we went from just having a loans committee, to having an audit committee, risk committee, remuneration committee, all of those things were new, and each of those different committees required a separate Chairman. So each of the board members were having a lot more direct involvement in the credit union, because the committees were meeting up to twice or sometimes three times a month." ³³

These demands saw long term board director Brian Fitzgerald retire from the credit union in 2003 after 44 years. In his resignation letter to the board of directors, he said that "having attained the age of 73 years, sadly the grey matter is gradually starting to set, exemplified by the genuine interest in my preparation for our Board meetings, slowing becoming increasingly more difficult, in the study and retention of the ever more important issues of the day." He reflected on the solid foundation that had been laid by hundreds of volunteers in achieving what could be described as "The Impossible Dream" while paying tribute to founder Fr. Leahy and wishing that the credit union should continue to "withstand the challenges and competition in the economic environment towards the new Millennium." ³⁴

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It was time for a woman to be on the board, and I expect maybe they thought I was one that maybe wouldn't give too much trouble, but they didn't know did they?"

- Vicki Bastin-Byrne

Following the retirement of director Eric Tomkins in 1998 and the passing of Glen Millar in 1999, accountant George (Tony) Edwards joined the board in 2000, and in 2003 the board welcomed Vicki Bastin-Byrne, the first woman to join since Lorna Tunny and Margaret Claire Cockburn in 1959 and 1960. Retailer and former Rockhampton City Councillor Vicki Bastin-Byrne said she thought the board were keen to see a woman join them at the table. "It was time for a woman to be on the board, and I expect maybe they thought I was one that maybe wouldn't give too much trouble, but they didn't know did they? (Laughter) I think it was about experience really... Banking was something very new to me, so I had a lot to learn. But I'd had experience with council finances and my own business, so I had a background there, but it's definitely a different world." ³⁵ Despite the fact that the board was entirely male in membership for much of its history, long term Chairman of the board John Shaw insisted it was not a deliberate thing. "It was something that Vince was very conscious of in us, we were very conscious of it, but it never eventuated. It's easy for me to say that we didn't discriminate, and we didn't. We weren't conscious of that. It was never an issue or it never came out." ³⁶

³³ Ross Strelow OH, op.cit.

³⁴ Letter from Brian Fitzgerald to the Board of Directors, 15th May 2003

³⁵ Vicki Bastin-Byrne, OH Jacquie Mackay 17/4/2021

³⁶ John Shaw, OH Jacquie Mackay 25/3/2021

our direction

board of directors

Local people understanding local issues.



Board of Directors - 2006

From the front left - Ross Strelow, Tony Edwards, Vicki Bastin-Byrne, John Shaw

From the right - Ron Cockburn, Hugh Grant, Ian Mill

"A LOT OF AGONY, SWEAT, TEARS, TIME AND MONEY." ³⁷

In 2004 the credit union received an unexpected request from the Mackay Permanent Building Society which asked that they be given a copy of Capricornia's register of members. Manager Peter Mogg remembered that Mackay Permanent Building Society's further request to "get together and talk about a merger", "set us in a bit of a tail spin." He said that not only was there was no precedent or structure for how a credit union could merge with a listed company on the stock exchange, but that in a preliminary meeting with their board and senior management it became apparent that "this was not a merger, it was a take-over." ³⁸

Tony Edwards observed that initially they thoroughly looked over the proposal to see if there were any benefits for the members in this takeover bid. "We obviously had a duty to do the right thing by our members. Was this proposed takeover going to be in the best interests of our members, from the level of services, from the type of services, from the value they'd get from The Capricornian. As a board, we debated that many times, and we came to the conclusion that the people who were wanting to take it over were not doing it because they wanted to benefit the members, they were doing it because they wanted to benefit themselves and their organisation.

"We obviously had to appoint good quality advisors to advise us on how to fight this takeover and like any project or campaign, it had to be well organised, well run, well thought through, true to the principles of why we were fighting it. Peter (Mogg) was a very

astute and academically inclined person so he was very adept at reading legislation and laws and legal principles so he did a really good thorough campaign together with the board. It was quite intense." ³⁹

Peter Mogg recalled the fight against Mackay being run "like a military campaign." "We made the decision to go on the front foot and go out and tell our members what was going on. We did bring in some strategic advice, legal advice, we had a good team. We planned it all out and we had a launch date and there's a front page of The Morning Bulletin with me standing out the front of the building. The slogan we adopted was not 'no', it was 'say yes to Capricornia'. A positive approach. Frazer Pearce was a journalist and he wrote up the story, and to his credit, he was the one that put his finger on the issue. He said 'forget all about the corporations and merger, what people are going to get upset about is the member register, you giving names and addresses and details.' That really struck a nerve. We had a briefing for all of our staff. To say they were shocked and stunned would be an understatement. It was the staff that rallied around to the cause that really got us through as much as anything. They were the ones that conveyed to the members that 'this is outrageous, you've got to support us.'"

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³⁷ Ibid.

³⁸ Peter Mogg OH op.cit.

³⁹ Tony Edwards OH Jacquie Mackay 17/4/2021

⁴⁰ Peter Mogg OH op. cit.

Michelle Alexander at the time a financial accountant recalled that, "everyone was very concerned for their jobs in particular. It did create a fair bit of uncertainty at that time about would the Capricornian just cease to exist and be absorbed into a building society? I think the staff came together very well to help do anything that management needed to stop that." ⁴¹

The credit union refused Mackay Permanent Building Society access to their register of members, so the Building Society then went to ASIC to gain permission. ASIC granted Mackay access to the information, which Capricornia then appealed to the Administrative Appeals Tribunal. "We ended up in the Appeals Tribunal where the Magistrate there had no idea what credit unions were and he approved their application. Then that went up to the Federal Court. We eventually appeared before the full bench of the Federal Court in Brisbane and won enough of the case to stop them dead in their tracks." ⁴²

A vote was put to the members at a special general meeting to affirm what the board was doing and to reject the takeover bid from Mackay. All of Capricornia's resolutions were passed with 98-99% majorities by the members, but the win still left a scar. "It cost a lot of money with legal fees and a lot of time, but in the end we got through it and the takeover failed. The merger with the Rockhampton Credit Union and the failed takeover were very significant, because Capricornia might not be there today if they both had not been achieved. They were achieved with a lot of agony, sweat, tears, time and money." ⁴³

"It put a big dint in our growth at the time. The amount of time that particularly Peter spent, and the board, in fighting it off. The reason we fought it off was because we did not think it was in the best interests of our members. It was nothing to do with the fact that it was from Mackay or anything like that. We could see that if they took over, they'd be closing branches, they'd be doing all sorts of things. But it was a big drain, financially and in resources to the CCU. In the end we proved

too hard for them, and in fact, not long after that, they got themselves into some financial trouble and were taken over themselves." ⁴⁴

Peter Mogg noted that while it would have been very easy to walk away, the fight was important not only for the Capricornia Credit Union but also for the credit union movement as a whole. "We won the court case, we won the public opinion battle and we certainly won the broader support of our members and staff. It was a fairly seminal moment in the mutual industry generally, because while this was going on in Rockhampton, the whole mutual industry was watching us. A little bit like a domino effect sort of thing because if Mackay Permanent had proved you could take over a mutual, the entire industry would be susceptible. We had support from industry bodies and the like. Towards the end, I wrote a case study of what happened and how we dealt with it, and we sold it in the industry. I think we raised about a quarter of a million dollars, selling it at about \$10,000 a pop, less to small credit unions. Which went to defray our defence costs, which were quite considerable. I think from memory the total costs excluding time, the actual dollar cost was about half a million dollars." ⁴⁵

Peter Mogg, Ross Strelow and Tony Edwards all agreed that this fight helped to engender support for the credit union locally. Tony Edwards explained. "I think that it galvanised a lot of members to recognise that they wanted to retain their own locally owned, locally operated, locally managed financial institution." Ross Strelow concurred and added that "once it did finish, we had the opportunity to go back and re-focus and I think as part of all that, we were a stronger institution. It was pretty painful on the way through but in this case the institution came out stronger and the members supported us." ⁴⁶

⁴¹ Michelle Alexander OH Jacque Mackay 15/11/2023

⁴² Peter Mogg OH op.cit.

⁴³ John Shaw, OH Jacque Mackay op cit.

⁴⁴ Ross Strelow, OH op.cit.

⁴⁵ Peter Mogg, OH op. cit.

⁴⁶ Peter Mogg, OH op. cit., Ross Strelow OH op. cit., Tony Edwards OH op.

"WE ALWAYS PRIDED OURSELVES ON OFFERING THE BEST PRODUCTS." ⁴⁷

About the time that the Mackay Permanent Building Society made its move on the credit union, in 2005 Capricornia decided to engage independent research house CANNEX to assess Capricornia's interest rates and fees against a range of competitors. The annual general meeting in 2005 heard that "the report shows that Capricornia generated \$526,768 in additional value for members in comparison to the competitor sample which included all major banks, a regional bank operating locally, building societies operating locally and a national credit union. This is an excellent result which confirms the 'value of belonging and owning.'" It wasn't enough to think they were doing the best they could for the members, they wanted to be able to show it. "We had for a number of years been working on the strategy that we had to offer something special to our members, and we said that 'well, we can see that the business has grown but how do we actually sit in the marketplace?' So we used the CANNEX research organisation to benchmark us against the average of the four big banks. We came up with a figure that said that if our members had the same deal as the big banks, this is what they'd pay, or the other way, Credit Union members were saving something like \$2.5 million in benefits that were going back into our members pockets because of that pricing structure we adopted. You expect growth, and you say that you are here for the benefit of the members, well, you do have to give people a tangible benefit, and that's how we did it, through better interest rates, fees and also good service." ⁴⁸

Board Chairman Ross Strelow agreed the CANNEX research was an important boost to the organisation and its members. "I think it meant we had come of age, even though we were still relatively small, in relation to other big financial institutions, we were playing a major role in Central Queensland. I think it was important to let the members and the public generally know that we were up to speed and moving with the times and doing well." ⁴⁹ For a number of years CANNEX (later CANSTAR CANNEX) was commissioned to carry out this comparative research, and each year the results were excellent. The best year for the assessment of value-add for members was 2008 when CANNEX reported that additional member value that year was \$3,962,314. From 2006- 2010 CANNEX estimated that additional member value ranged from \$2.3 million to \$3.9 million. ⁵⁰ Not only was the credit union giving good additional value because of interest rates and fees, but it was also recognised with accolades in Money Magazine's Best of the Best awards. In 2007 it won gold for Best Savings Account – Non bank, Best On-line Savings Account – Non bank and Best Term Deposit – short term – Non Bank and silver in Best E-transaction account – Non bank. ⁵¹

⁴⁷ Damian Chapman, OH op. cit.

⁴⁸ Peter Mogg op. cit.

⁴⁹ Ross Strelow OH op. cit.

⁵⁰ Minutes of the Annual General Meeting, Chairman's report, 2006-2010.

⁵¹ Minutes of the Annual General Meeting, Chairman's report, 2007



The hard work of the 1990s and early 2000s was bearing fruit and for Peter Mogg part of the reason for the success of the Credit Union was that it was not just there to sell financial services to the members, it connected with the local community. "What happened to credit unions is that they had to find a way to become relevant in that new market environment, and a lot of credit unions didn't really quite make that jump. We had fairly significant consolidation in the industry at that time, there were hundreds of credit unions that just merged, disappeared during the '90s, because they couldn't make that transition from having a captive market of people who needed their services to being relevant to a group of people. What I endeavored to do, was to position the Credit Union so that it had a new purpose in life. And that purpose was to provide meaningful value and assistance to our members with their financial services, not just something that they could get from anybody else from the bank down the street. We repurposed and repositioned the Credit Union with a new mission in life, so that it

stayed relevant to a group of members. I think that's probably one of the key reasons why Capricornia has continued on as a smaller regional credit union when a lot of lot of others around us have ended up merging or becoming banks. It's a juggling act between the value proposition you give to members, the amount of capital you have available for growth, and the profitability that you want to achieve.... But I think by and large, starting in the late 90s, moving right up to the takeover era, we very successfully positioned Capricornia as meaning something to our local community." ⁵²

By the mid 2000s Capricornia had launched a publicity campaign; "A Different Kind of Banking", to inform people about the practical advantages of being a Credit Union member, explaining that it provided better pricing of financial services plus responsiveness to member's individual needs. ⁵³

⁵² Peter Mogg, OH op. cit.

⁵³ Minutes of the Annual General Meeting, Chairman's report, 30/6/2006

It had also begun to offer in house financial planning services. Peter Mogg saw it in some ways as a continuation of the Credit Union's history of financial literacy taken to the next level. "We had their payroll account, their bill paying, we might have their savings and their loans, and if they go to somebody else to get financial advice on their super or insurance then you stop becoming their main focus for financial services and you risk losing all that business. So it was very important that we complete the link with the financial planning, consistent with the philosophy of helping members, we set up our service on a fee for service basis, instead of what the banks were doing which was to take a percentage of your superannuation or something like that, which is not good value for money...it was as much as anything about cementing that sort of broader relationship with our members."⁵⁴

The culture of the work environment at the Capricornia Credit Union was also an important factor. Peter Mogg thought the culture at the credit union was very different to the feeling he encountered in his first days working for the Commonwealth Bank. "The sort of culture that we tried to inculcate in our staff at Capricornia was very much about 'we're here to help our members and do the best for them.' The bulk of our staff got it and were keen to do the best for their members. You'd have staff who would argue for a better interest rate for a member for example, whereas in the banking sort of environment, you'd be looking to fleece your customers for whatever you get from them. We had that very strong cultural bent about being there to look after healthier members."⁵⁵ Director Vicki Bastin-Byrne agreed that the essence of the Credit Union was community. "I feel our staff put everything into their jobs, we've got a wonderful staff and I think they really like working for the Credit Union. In fact all the surveys we've done about staff engagement, they really love the credit union. It's not just about making money really, for credit unions, it's about providing service to our members."⁵⁶

Michelle Alexander began her career at The Capricornian in the early 2000s as a teller before rising through the ranks and becoming the Chief Financial Officer. She recalled that she had never worked in an office like it, a place where; "Everybody was just so welcoming. It was just a wonderful culture, you know, and it still is now, but so many people around my age at that time too that all started, and there are lots of us who are still there that started probably within one or two years of each other, so we've got many, many of us that were there around 20 years or just over. So there's a lot of history there amongst many of the staff and I think that culture is for new staff members probably quite inviting."⁵⁷

“

You'd have staff who would argue for a better interest rate for a member for example, whereas in the banking sort of environment, you'd be looking to fleece your customers for whatever you get from them.”

– Peter Mogg

⁵⁴ Peter Mogg, OH, op. cit.

⁵⁵ Ibid.

⁵⁶ Vicki Bastin-Byrne, OH, op. cit.

⁵⁷ Michelle Alexander, OH, op. cit.



TURBULENT ECONOMIC CONDITIONS

No sooner had the attempted hostile takeover bid by the Mackay Permanent Building Society been resolved, than the Credit Union had to face the next big challenge - the Global Financial Crisis (GFC). The early 2000s were marked by a series of record financial results for the Credit Union which were supported by the buoyant economic conditions of Central Queensland during a mining boom.⁵⁸ However the "Global Credit Crunch" marked a period of extreme stress in global financial markets and banking systems from mid-2007. Initially Capricornia was relatively unscathed, with Chairman Ross Strelow's report in 2008 that states "In an era of turbulent economic conditions, I am able to report that the conservative policies adopted by your Board over many years have resulted in Capricornia being very well placed to weather tough economic conditions, for example: We have no direct or indirect exposure to "subprime" assets and the like. Capricornia's assets are invested substantially in loans to members and our liquid funds are all guaranteed by Australian Banks of at least "investment grade" standing. Capricornia's conservative lending policies meant that we would rather say "no" than put a member into a loan we know they can't afford. We have no active involvement in speculative property development." ⁵⁹

Even so, the Credit Union's 2008's profit after tax was down by 16.4% and new loan funding was down by 11.2%. The next few years continued to see profits and new loan funding less than previous years, due to the ongoing unstable global economic climate.

Peter Mogg remembered the time as being "tough" coming straight after the painful attempted takeover. "Just as we're getting our heads around those sorts of things, we were starting to come back up against the broader economic issues like the GFC, and we took the view that we couldn't really take a backward step, we had to sort of push on with our development through that process, which is an incredibly tough job to do. Certainly the

GFC and particularly the changes to interest rates that occurred. I think that we were used to the Reserve Bank moving interest rates a quarter of a percent at times, but we had a period there where interest rates fell, I think 2-3% in a matter of months. That completely upsets all of your funding strategies. People who have got loans expected rates to fall, people who've got deposits are reluctant to let the deposits fall by that much that quickly. I think we found ourselves in a little bit of a squeeze there."⁶⁰ However, former Chairman Ross Strelow believed the steady nature of the organisation helped it through those difficult years. "We weathered because of the nature of the business. Fairly conservative was how we looked upon ourselves. We didn't get involved in a lot of commercial lending. A conservative lending policy meant that we didn't have substantial bad debts. It was the bad debts that brought down the big institutions."⁶¹

It was at this challenging time that Capricornia lost a couple of long serving directors. Hugh Grant retired in November 2007 after serving for 22 years as a Director on the board (including a period as Deputy Chairman). In 2003 John Shaw stepped down as Chairman of the Board after 23 years in that role but stayed on as a Director until finally retiring on the 1st July 2008 after 34 years on the board. John Shaw's long tenure on the board was because he "felt he had something to contribute." He continued, "I certainly wasn't going for any record. I didn't realise I'd been there that long and I felt at that time (2003) it was time to move on and I resigned as Chairman but stayed on the board for a couple of years, (because I somehow felt I owed a responsibility, having been there so long and knowing the workings of the Credit Union.)"⁶²

⁵⁸ Minutes of the Annual General Meeting, Chairman's report, 20/6/2008

⁵⁹ Ibid.

⁶⁰ Peter Mogg, OH, op. cit.

⁶¹ Ross Strelow, OH, op.cit.

⁶² Annual General Meeting, Chairman's Report, 30/6/2008 and John Shaw OH, op. cit.

Severe floods in Central Queensland which hit Emerald in 2008 and then the greater region to an even larger extent in late 2010 were another challenge for the credit union to deal with. "Even though our branch wasn't particularly affected, the biggest effect for us was the flood effect on our members. How that impacted on the day-to-day activities. More particularly in an era where very few people had flood cover in their insurance. So we had to deal with assisting people get through flood type issues without any sort of insurance cover at all, and bear in mind that we had, in a lot of cases, sold them the underlying insurance policy. There were very few insurance companies that did actually provide flood cover. I think Suncorp who was a competitor in the insurance field to us, were one of the first to step in and start offering broader flood cover. If you go back to 2008, nobody really was offering it. I guess the role of the Credit Union was to provide support and assistance to members who were doing it financially tough because of flood issues. Things like rescheduling loans, providing them with budgeting assistance and general money management sort of issues."⁶³ From an organisational perspective the floods of 2010/11 gave The Capricornian the opportunity to see if their business continuity plans would work following a major disruption; and they did. The Chairman reported that "all business continuity functions operated as planned, with the only disruption being the loss of two days trading at the Emerald branch."⁶⁴

Yet in the midst of the difficult financial climate of the late 2000s, there was still cause for celebration. In 2009, The Capricornian celebrated 50 years since its foundation with a free morning tea, fittingly held at the Park Avenue Branch. Manager Peter Mogg told the local newspaper, The Morning Bulletin, that the Credit Union's original principle "to help with thrift and the wise use of credit" continued to shine through the business. He added that as the only full-service financial institution owned by the people it served, they were there to help people set up their

finances to achieve what they want in life.⁶⁵ It was a time to reminisce and look back to the beginning when there were only 125 members and a volunteer workforce and compare it to the 12,000 members and 64 staff belonging to the organisation 50 years later. With total deposits of \$264 million dollars and eight branches throughout Central Queensland, in East Street Rockhampton, Stockland, Main Street Park Avenue, Yeppoon, Emerald, Gladstone, Miriam Vale and Mackay, The Capricornian had truly exceeded any expectation by the early founders. Chair of the Board Ross Strelow found it right and fitting that the celebrations were "taken back to the original roots in the little hall in Park Avenue. That was good. That showed the loyalty because a lot of the members, original board members came back, it was a lovely occasion. It was lost on a lot of the younger members, but it had a special meaning."⁶⁶

In taking the opportunity to look back at where they had come from and to look forward to the future, it was decided that rebranding was an important step to take and so it was decided that a name change was in order, from the Capricornia Credit Union to The Capricornian Ltd. This also provided the Credit Union with the opportunity to revamp the visual presentation of its service centres and a new branch was opened in Gracemere in late 2009 to service the growing population there. The board also commissioned research into the level of brand recognition in the general community for the Credit Union. What it found was that "the broader community in which we operate (excluding current members), does not have a good appreciation of who we are or what we can do for them. Your Board is of the view that, despite 50 years of successful operations, we must engage more fully with our broader community and demonstrate our relevance – if the organisation is to thrive and prosper into the future."⁶⁷

⁶³ Peter Mogg, OH, 24th March 2021 op.cit.

⁶⁴ Annual Report 30/6/2011, Chairman's report.

⁶⁵ Morning Bulletin article, 7th July 2009

⁶⁶ Ross Strelow OH op.cit.

⁶⁷ Annual Report 30/6/2009 Chairman's report.

While a new branch was opened in Gracemere, the branch in Mackay was closed. In 2010 it was decided to transfer branch representation in Mackay to an agency of the Queensland Country Credit Union so as to better concentrate on the home market of Central Queensland.⁶⁸ Peter Mogg said that it was a separate market and difficult to maintain. “(It) was completely out of our geography, out of our territory, a completely different market. We persisted for quite a few years and eventually arranged to transfer our Mackay business to another credit union just

to simplify a whole lot of things. Marketing for example, you had to run one marketing campaign for seven branches (in the Central Queensland area) and then a different one for Mackay because it was on a different TV feed, different newspaper feed and so forth. You were essentially doubling the cost just for the one branch and we never really had a big impact in Mackay because that’s not who we were.”⁶⁹

⁶⁸ Annual Report 30/6/2010, Chairman’s report.

⁶⁹ Peter Mogg, OH, 24th March 2021 op.cit.

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BRI of the following photo identification items:
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☐ ID
☐ Passport
☐ Photo identification card (e.g. 18+ card, university student card)
 OR
 Any ONE of the following two photo identification items confirming your residential address:
☐ Drivers license (with address) or Tax Assessment (with street name)
☐ Utility bill (e.g. water, gas, electricity, council rates)

Date income
☐ If you receive income from another source (e.g. pension, super, etc.) bring evidence (e.g. A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UU, UV, UW, UX, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YY, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ).

What you own (assets)
☐ Savings and investment account statements for last six months
☐ Proof of ownership of other assets (e.g. car, boat, etc.)

What you owe (liabilities)
☐ Loan statements for last three months
☐ Current credit card and other debt statements
 Also, please provide proof of the current status of any other loans.
 *If you have a credit card, please provide the current status.
 **If you have a credit card, please provide the current status.

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John Brown - CEO - 2012

MEETING THE CONTINUING CHALLENGES

The economic instability caused by the Global Financial Crisis persisted well into the 2010s, and as Central Queensland was largely shielded from the worst of the effects because of the strength of coal mining in the region, The Capricornian still managed to post an increased profit in 2011 and 2012. It was at this point, after more than 17 years in the role, that CEO Peter Mogg announced his resignation in June 2012. Chairman Ross Strelow reported that “as only the second CEO in the history of the Credit Union, Peter has been instrumental in bringing us to the position of strength and vitality that the Credit Union enjoys today.”⁷⁰ Peter Mogg was proud that he left the Credit Union in a good financial position due to his work in supplementary capital formation, and that he made sure it added value for its members. “The credit unions that survived and prospered were the ones that could adapt to the new competitive environment, and I think at Capricornia, through all the initiatives we took, we did that reasonably well. I think the proof of that is the very fact that the Credit Union has survived and prospered through that period of time and made it to the list of the last 50 or so credit unions in Australia.”⁷¹

The Capricornian’s Board then began a search for its new CEO – John Brown, who started his role in November 2012. In the meantime, Graham Olrich, the former CEO of Credit Union Australia was welcomed to the organisation for a period of five months as an interim CEO. John Brown came to The

Capricornian with a background in the finance sector, most notably as the CEO of the Warwick Credit Union and with the Community Mutual Group in Armidale NSW.⁷²

One of Mr Brown’s first actions was to conduct an operational review which revealed that the new branch in Gracemere and the historic branch in Park Avenue were “costing money rather than contributing to profits”. It was decided to close both of those branches due to their “low and dwindling patronage” and according to the annual report for 2013, the “members recognised the need for this step and the response has been far more positive than negative.”⁷³

In 2013, Ross Strelow who had been the Chair of the Board for nine years, resigned from his role as Chair, but stayed on as a Director for another year to provide guidance and support to his successor Tony Edwards. Mr Strelow enjoyed his 21 years on the Board for The Capricornian and especially the philosophy it has been built on. “The concept of mutuality, or member ownership, is a great idea, and the fact that people are working for the benefit of their own friends, and relatives and members is part of the reason why I was happy to be a member of the board.”⁷⁴

⁷⁰ Annual Report 20/6/2012, Chairman’s report

⁷¹ Peter Mogg, OH, op. cit.

⁷² Annual Report, 30/6/2012, Chairman’s Report

⁷³ Annual Report, 30/6/2013, Chairman’s Report

⁷⁴ Ross Strelow, OH, op. cit.



Pinefest 2014 - Yeppoon

By 2013, as a community owned financial institution, The Capricornian decided to “significantly increase” their involvement with the community as well as increase its profile, later with the Community Grants Program launched in 2018. Some of the first organisations to enjoy sponsorship from the Capricornian were Pinefest Yeppoon, The Rockhampton Christmas Parade, Turkey Beach Kids Christmas, Rockhampton Christmas Carols and the Heart Foundation Christmas Wrap.⁷⁵ This donation program has continued every year since and has provided financial support for community and not-for-profit groups to carry out all kinds of events and projects throughout Central Queensland.

By 2013, The Capricornian was already feeling the impact of the world-wide mining downturn, with profit only \$662,000, down from over \$1 million the year before, and new loans were also less than the previous year. Yet the next year, despite a “difficult lending market” where “all of the areas in which our

Credit Union operates have been impacted by changes in economic conditions”, The Capricornian increased its overall portfolio by 1.4%, achieving a sound financial year.⁷⁶

Technology continued to evolve rapidly and The Capricornian undertook an upgrade to the core banking system in late 2014, a project that took four months to plan and four months to implement. The upgrade went well, with no disruptions to the system and it provided an easier to use internet and mobile platform. By 2015 the Credit Union had also rolled out a new website described as “a modern and comprehensive means for our members to research the products and services that our Credit Union offers. It will be our online branch.”⁷⁷ A banking app, “The Cap App” followed in May 2016, offering access to savings and loan accounts to members via their phone or device.⁷⁸

⁷⁵ Interim Report, 31/12/2013.

⁷⁶ Annual Report, 30/6/2014, Chairman’s Report

⁷⁷ Annual Report 30/6/2015, Chairman’s Report

⁷⁸ Annual Report 30/6/2016, Chairman’s Report



Graeme Kemp and Dale Grounds 2016

After just three and a half years in the role, John Brown resigned as CEO of The Capricornian in April 2016. The Board was again faced with a recruitment process for the CEO position, deciding that Dale Grounds possessed the skills, experience and personal characteristics that they were looking for in the CEO, having previously worked in the region as Chief Operating Officer of the Rock Building Society before it merged with MyState bank. Graham Olrich once again stepped in as interim CEO

for six months until Mr Grounds was able to begin his role on the 10th October 2016. Mr Olrich was appointed a Director of the Board in December of that year, filling a position left vacant when Ian Mill resigned from the Board in 2016.⁷⁹

⁷⁹ Annual Report 30/6/2016 and 2017 Chairman's Report



Dale Grounds - CEO - 2016 until present day

Dale Grounds found his introductory handover with Graham Olrich very satisfactory. "He was quite lovely, obviously one of the real heroes of our industry in the sense that he'd been CEO of what has been until recently the biggest mutual in Australia which is the CUA (Credit Union Australia), now called Great Southern Bank. Graham had been CEO of that organisation so I knew coming in that there were going to be few issues because even in a short period of time Graham knew exactly how to arrange the organisation so that was very helpful for me."⁸⁰ In a short amount of time, Mr Grounds introduced a range of initiatives, including a member and community survey, discussion with a range of CQ government, business and not-for-profits. Known as the 'Innovation Circle', this process allowed direct feedback and ideas from staff to the CEO, growth in social media presence and the launch of online loan applications. By the 2016/17 financial year, the profit was over \$1.3 million with equity of almost \$22.6 million in what continued to be an economically difficult climate in the CQ region.⁸¹

One of the biggest challenges faced by The Capricornian came as a result of what became known as the Banking Royal Commission. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was announced at the end of 2017 in response to years of reports of scandals and malpractice in the financial services field including poor financial advice and fee gouging. The final report was issued in early 2019 with 76 recommendations, all of which the LNP government of the day promised to take action on.⁸² Board director Vicki Bastin-Byrne said that understanding and implementing all the new regulations has been a challenge for the Credit Union in recent years. "Regulation is a big thing. When I was first on the board, the regulation was there but it was managed mainly by the CEO and the financial manager. But now, we have a full time Compliance Officer, and there's an offsider as well. It's a costly exercise, but it's

brought about by people doing the wrong thing."⁸³ CEO Dale Grounds added, "instead of the government seeking to really prosecute organisations to the fullest extent of the law over what they've done, historically they introduced a whole suite of new legislation. ...there was no credit union or mutual bank that had adverse mention let alone finding in the royal commission, it was all publicly listed banks. So what does the government do? It introduces a suite of legislation that we all have to comply with, even those of us with no problems. So what that does is it creates a whole layer of extra cost, which impacts on our service level to our customers and creates no benefit for our customers."⁸⁴

Yet for Michelle Alexander, one of the strengths of belonging to a credit union is that there's much to be learnt from other similar community owned organisations and information that's able to be shared. "We're lucky as an industry that we do tend to work together. We've got the Customer Owned Banking Association (COBA) that credit unions are members of. They're instrumental in helping us out. They lobby the government on our behalf. We talk so much between ourselves with other credit unions. It's not uncommon if I've got an issue or I'm unclear about a regulation that I'll pick up the phone and call my equivalent in a number of different credit unions. I think, collectively, we're certainly part of a bigger picture than just The Capricornian, and I think from a regulation point of view, that is instrumental in helping us to still be here."⁸⁵

That also extends to cyber security where the credit unions have led the way on disseminating information to each other. "The banks are just working on a fraud network amongst themselves at the moment, whereas the credit unions, we've had a fraud network for more than 10 years, where we all talk to each other and share information and trends and tips and all these sorts of things."⁸⁶

⁷⁹ Annual Report 30/6/2016 and 2017 Chairman's Report

⁸⁰ Dale Grounds Oral History with Jacquie Mackay 17/11/2023

⁸¹ Annual Report 30/6/2017, Chairman's Report

⁸² Website: www.financialservices.royalcommission.gov.au/Pages/default.html and The Guardian "Banking royal commission : most recommendations have been abandoned or delayed", Tuesday 19th January 2021

⁸³ Vicki Bastin-Byrne OH, op.cit.

⁸⁴ Dale Grounds OH, op. cit.

⁸⁵ Michelle Alexander OH, op. cit.

⁸⁶ Ibid.

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COMMUNITY MATTERS

In 2019 The Capricornian reaffirmed its commitment to the Central Queensland community with the decision to open a branch in Springsure. The town of Springsure, with a population of over 1000 was left without a bank when the ANZ decided to close its branch in 2017. This meant the people of Springsure had to drive more than 45 minutes to the next nearest banks in the town of Emerald. However the Central Highlands Regional Council (CHRC) wrote to The Capricornian to see if there was a possibility of the Credit Union opening a branch in the town. In partnership with the Council, The Capricornian opened a branch in Springsure on the 4th March 2019, and it proved to be a worthy decision.⁸⁷ In the Chairman's report of 30th June 2019 Tony Edwards reported; "the success has been astounding. Many of the goals we had set for new members, accounts, deposits etc. at the 12 month anniversary in March 2020 had been achieved within four months of opening. It is because we are a financial co-operative, with mutuality at the core of our business model, that we could undertake such a radical move as opening a new branch when 'pure' economics might have suggested restraint. We see our mandate as making available financial services to as many people of Central Queensland as we can. The Board remains open to the possibility of assisting other 'unbanked' and disadvantaged regional communities in Central Queensland."⁸⁸

Board Chair Tony Edwards felt very proud of this initiative. "There was an announcement by the ANZ bank, the last bank in Springsure that they were going to close that branch, they were going to do the magnanimous thing and leave an ATM behind and that's all they were going to do. The Springsure community is a very typical fair-dinkum Australian community and the bank was closing the branch there because they couldn't make their level of profit that they needed out of it. We don't need to make the same level of profit that the big banks do because we don't have shareholders to account to and pay dividends to. We went through the process of determining what we could do there and how we could do it

in conjunction with the CHRC, they're a great facilitator there, we couldn't have opened up a branch there without their facilitation. It's a partnership of like minds, to provide services that are needed in the area there."⁸⁹

2019 marked The Capricornian's 60th anniversary in Central Queensland (namely. The Credit Union). The birthday celebrations on the 24th August 2019 at the Rocky Sports Club were attended by 140 guests made up of past and current staff and Directors in what was described as a 'memorable' night. The Capricornian took the opportunity to emphasise its status as the only customer owned banking institution in Central Queensland and to celebrate that it had grown to become an organisation with \$350 million worth of assets with 12,000 members. CEO Dale Grounds spoke of the benefits of customer owned banking. "We're all about people before profits. We're local and we support local as we know that local is where we live, work, and play. We also have a strategy focused on customer service, backed by the values that underpin staff, management and our Directors, something that hasn't wavered in our sixty years."⁹⁰

The celebrations included the launch of a new publicity campaign branded 'Take Back What's Yours', with the aim of raising awareness of customer owned banking. The content of this campaign was filmed across Central Queensland and produced by Carl Carter and the team at Cooper McKenzie Marketing. The ads, at the end of 2019 into the beginning of 2020, emphasised the difference between banks and credit unions. "The Capricornian is part of your community, we know that local matters, that local is where we work, live and play.... Don't be apart from what's around you, don't be separated from it, be a part of your community, be a part of a customer owned institution, be a part of something better, be a part of something worthy of your choice."⁹¹

⁸⁷ Press Release, the Capricornian and the CHRC, February 19th 2019.

⁸⁸ Annual Report, 30/6/2019, Chairman's Report

⁸⁹ Tony Edwards, OH, op. cit.

⁹⁰ Press Release, the Capricornian

⁹¹ The Capricornian 'Take Back What Matters' campaign, youtube.



Tony Edwards (Chair) & Dale Grounds (CEO)

THE PANDEMIC

When 2020 began, The Capricornian was sitting in a satisfactory situation, despite very low interest rates and stagnant lending growth. It could take pride in its ongoing investment in technology and a 60th anniversary year that demonstrated not only how far it had come, but also how well it had survived. Yet it was to prove to be one of the most difficult years faced in generations. In January and February the world became aware of a new disease; a 'novel coronavirus' that was being called COVID-19.

By mid-March, everyone was in social isolation and worrying about what the future would hold. Yet The Capricornian was able to be on the front foot in managing the situation. The Capricornian already had the technology needed for staff to work from home and CEO Dale Grounds was able to instigate policies quickly. "We were very early adopters in the sense that as far back as the January when this first blew up in Wuhan, my Risk and Compliance Manager, he and I were having discussions about what this was and what would it mean. It might have been the late February before, even any of the big cruise ship incidents and those sorts of things that happened. We'd already identified a couple of vulnerable staff or staff who lived with vulnerable people and where possible, we had them working from home already. So the decision to work from home was made very early on."⁹²

Board Chair Tony Edwards saw this as the second event (number one being the possible takeover by Mackay Building Society) that really galvanised people in the organisation. "How do we provide for our members what they need? Every person in the organisation would be very proud of the way that every person in the organisation did deal with our members and our customers. We contacted every one of our members over about a three-month period, but we contacted all of the members who may have had substantial concerns within the first couple of weeks. We had some of our

team members who physically went out to the borrowers or depositors to their homes and sit across the table with them and help them through. Because it was an overall worrying time for the whole community. I'm particularly proud of that effort that all of our people went to personally, without having to be told, they did it."⁹³

Just under 40 borrowing members had their loans treated concessionally for up to six months under the COVID-19 Hardship arrangements organised by the regulator, APRA. This allowed people time to find other options following the economic hardship brought about by the pandemic. The Capricornian also launched a COVID-19 Customer Support platform to provide information about the various options if financial hardship was being experienced. "Refinancing, putting hold on loans, holds on re-payments, just being there to reassure, making sure that people were aware that they didn't have to worry about their loans as far as the Credit Union was concerned."⁹⁴

Like many organisations, the way business had to be done during COVID has had an on-going impact. "It's given us much more flexibility because it's put in place that much higher level of ability to operate from anywhere.... it has enhanced that capability more quickly than what otherwise probably would have happened without the pandemic. (And financially) we found that in fact a lot of our members, and maybe this is because of uncertainty but maybe it's also because of the amount of money that the government pushed out into the community to keep the community going, a lot of our members got even further ahead in their repayments of their home loans. They were probably in a better position than what they were pre-pandemic, pre-government support, there hasn't been any negative financial effects that we've been able to see."⁹⁵

⁹² Dale Grounds, OH, op. cit.

⁹³ Tony Edwards, OH 2023, op. cit

⁹⁴ Ibid.

⁹⁵ Ibid



We're committed to our community, and our seven branches are open for you.


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WELCOME MYSTATE BANK CUSTOMERS

In August 2020 Tasmanian bank MyState Bank (which had some years before absorbed the local building society, The Rock) confirmed that its four Central Queensland branches would close, because two-thirds of its customers were now using internet banking.⁹⁶ While this was a blow for many customers of MyState Bank, it was a boon for The Capricornian with the Annual General Meeting report showing that membership grew 7.35% in the year following the bank's closure.⁹⁷ "Even though they were sold to MyState Bank many years before, I think a lot of locals still felt that The Rock was local. Then when it went (left the region), that really picked a lot of the last of them off. So we saw a massive influx of (new) members at that point, of people wanting to bank with...something local, and so we saw an uptick in members."⁹⁸

New members also meant a growth in deposits in 2021. "It had a very beneficial financial effect on The Capricornian... it increased our membership quite a lot. Having an increased membership meant that we had more funds available, more business to put more money back into the community. So it was beneficial certainly for The Capricornian and for the existing members as well as the new members."⁹⁹

⁹⁶ The Adviser, 24 August 2020

⁹⁷ AGM minutes 29/11/2021

⁹⁸ Michelle Alexander OH, op. cit.

⁹⁹ Tony Edwards, OH 2023, op. cit



Opening of the Capella Branch - 2021

“

We're not here just to make money, we're here for the community and for our members. ”

- Dale Grounds



Central Highlands Regional Council Mayor Kerry Hayes and Dale Grounds CEO, The Capricornian - 2021

RURAL BANKING

At the same time that MyState Bank was closing its Central Queensland bank branches, the National Australia Bank (NAB) decided to close its Capella branch. Two years after The Capricornian established a branch in Springsure, the Central Highlands Regional Council again approached them to see if the same model could be used to create a branch in Capella. NAB had been the last bank in town, so when they closed in August of 2021, The Capricornian opened a branch in council offices just days later. Board Member Jan Davis, saw servicing smaller towns like Springsure and Capella as a continuation of the traditions of The Capricornian. "We know that the majority of our members want face-to-face contact. We're not here just to make money, we're here for the community and for our members. I think as a board we tend to think about the benefits to the community more so than the cost. In the Springsure and the Capella area we're in collaboration with the local council so even though if you were to go on a profit and loss basis we wouldn't have either of them; we wouldn't have Miriam Vale, we wouldn't have Gladstone, we wouldn't have Yeppoon, but that's not what we're about. We're about providing services to the local community and our members."¹⁰⁰

Chief Financial Officer Michelle Alexander has spoken with many other credit unions who have been interested in how The Capricornian has been able to expand into rural areas. "You know, when those major banks pulled out, it left them so high and dry. And it was really the participation of the council. The council has been instrumental. And we've had discussions

with other credit unions when we've been to different events, and you say that 'we've gone into partnership with the council'. Credit unions prick their ears up and say 'how?' The fact that if the council hadn't given us a space and we had to refit an entire branch out and have rents and have more than one person on site, it probably wouldn't be worth our while to do it, we'd probably run into loss. But, the fact that we could partner with council at minimal cost to provide services in those locations has made it very beneficial for both us and for them."¹⁰¹

By 2023 the closure of bank branches across Australia became a political hot topic. APRA (The Australian Prudential Regulation Authority) reported statistics that showed 424 bank branches (or 11 percent) closed in the year to 30 June 2023, with branch numbers declining by over a third since 2017.¹⁰²

In May 2023, CEO Dale Grounds was called to present his views on banking to the Rural and Regional Affairs and Transport References Committee as part of the Senate's Inquiry into Bank Closures in Regional Australia. Mr Grounds travelled to Ingham to talk about the provision of services in regional areas. He told the inquiry that one major difference between the 'Big 4' banks and community credit unions like The Capricornian is "that credit unions look for ways to keep branches open rather than reasons to close".¹⁰³

¹⁰⁰ Jan Davis Oral History with Jacquie Mackay 9/11/2023

¹⁰¹ Michelle Alexander OH, op. cit.

¹⁰² APRA Press Release 18/10/2023

¹⁰³ 'Senators call for 'people's bank' solution to regional branch closures' John Menadue.com

Then the next month he travelled to Canberra to be part of a customer owned bank roundtable discussion with the House of Representatives Standing Committee on Economics in their Inquiry into promoting economic dynamism, competition and business formation. Mr Ground spoke of the importance of maintaining a physical presence in each town that The Capricornian services.

"We have 400 million in assets and we have eight branches—or \$50 million per branch, if you like—and 12,000 customers. So that's 1,500 customers on average per point of representation. For three of those eight, we're the sole financial institution in town. In one of them, we've been the sole one there for 25 years. In that particular location, if you were to apply any sort of rational economic model, you would have closed about 10 years ago. But it's integral to the community. We could easily circle the wagons, close all our branches and just operate out of Rockhampton. But what makes us different from any other would-be digital bank— it goes to the purpose of the organisation, the history, the mutual model and the community."¹⁰⁴

Mr Grounds was asked by Committee Chair Dr Daniel Mulino MP how customer owned banks drive innovation in the sector, and he again spoke of The Capricornian opening new branches in under serviced rural areas.

"I'd refer back to the very practical example of our partnership with Central Highlands Regional Council. There's no reason that the majors couldn't have done that, if they were interested. If they were looking for a way to stay in town, they could have done that. In fact, we were the last cab off the rank. The council had asked everyone else first: 'Do you want to have a chat?' Everyone else said, 'No.' Then they asked us and we said, 'Yeah, we'd love to.' It was a very easy model to put together and it's working well. So it comes back to intent."¹⁰⁵

¹⁰⁴ Parlinfo.apf.gov.au

¹⁰⁵ Ibid.

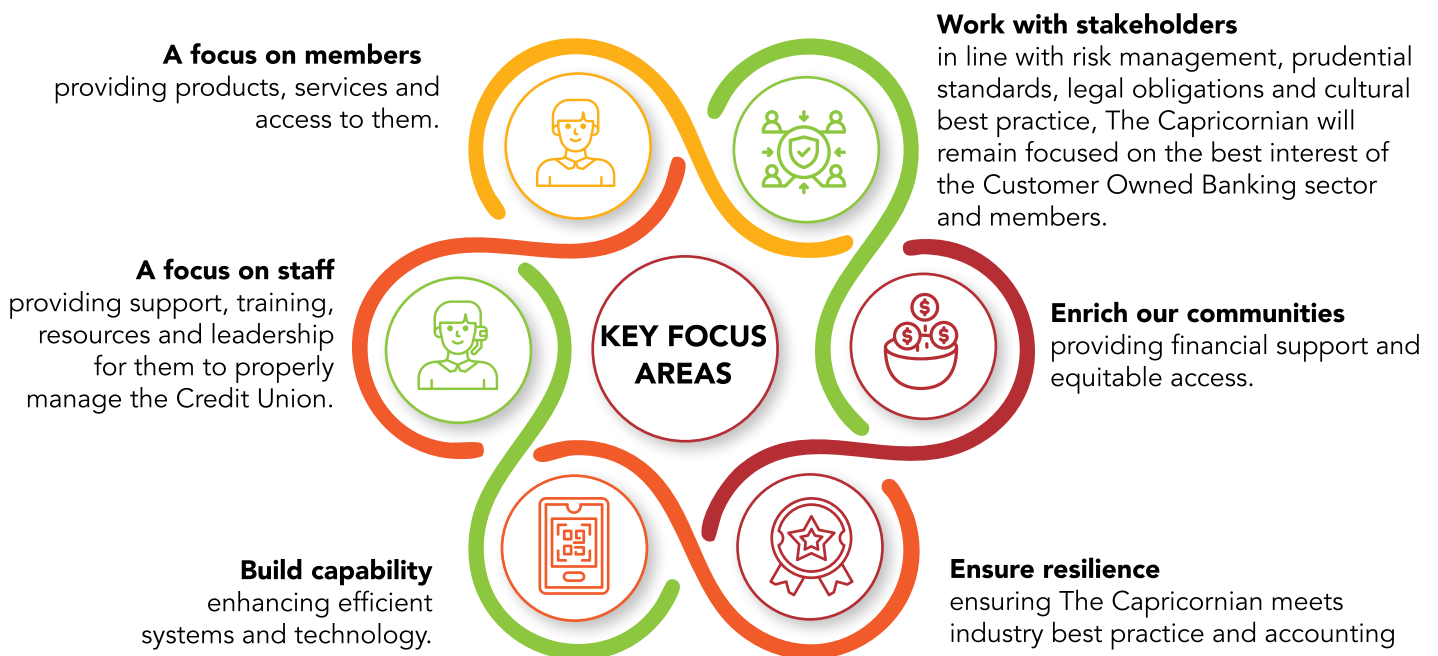
Capella Branch 1st Birthday Celebrations - 2022



KEY FOCUS AREAS

By 2020, The Capricornian had developed six new areas of focus to work towards their corporate vision to “Provide trusted, financially sustainable and quality financial services to our members and our communities now and for future generations.”¹⁰⁶

To do this, there were six areas of strategic intent created.¹⁰⁷



Enriching the communities in which it serves has been at the core of The Capricornian’s operations and has consistently dispersed over \$100,000 annually to local organisations for many years. The recipients are from across Central Queensland and as diverse as educational bodies, sporting groups, arts and cultural groups. “We cover the whole of the Central Queensland area, we try to make sure that we spread our community grants and our community assistance right throughout Central Queensland. We recognise that education is really important, we recognise that children are very important, they’re the future. So it’s all of those factors that we put into the melting pot and each year we budget for how much we’re able to put into worthwhile community groups, organisations and decide from there really.”¹⁰⁸

¹⁰⁶ AGM Minutes 10/12/2020

¹⁰⁷ AGM Minutes 10/12/2020

¹⁰⁸ Tony Edwards OH, 30/10/2023



THE HUMAN TOUCH

The staff and board of The Capricornian say that communication and community are the keys to the success of the Credit Union and its survival into the future. Board Chair Tony Edwards saw it as being able to provide true service. “It’s the human, person to person connection and caring that The Capricornian embodies for its members.”¹⁰⁹ Board Director Vicki Bastin-Byrne added that staff “put everything into their jobs”. “All the surveys we’ve done about staff engagement, they really love the Credit Union. It’s not just about making money really, for credit unions, it’s about providing service to our members. We haven’t grown hugely, we’ve maintained a smaller business that can cater to our customers on a personal service level, and maybe that’s why we’re successful.”¹¹⁰

The Board continues to be a real strength for The Capricornian. “The board is a very collegial board and when you have a collegial board, you actually get more done than if you have someone who’s always arguing. We don’t have arguments. It’s not as if we don’t ask questions and challenge management, we do. Sometimes we challenge them and they

have to say, we’ll need to come back to you on that and that’s fine. But it’s a very collegial board and we’re all there wanting to do the best for our members.”¹¹¹

Chair of the Board Tony Edwards retired at the end of 2023 after 22 years as a Director (10 years as Chair) and he reflected on how he “thoroughly enjoyed it.” “Because it’s a very different industry than what I’m in as an accountant but I enjoyed it, you know you’re able to make such a positive difference to so many people’s lives... because it’s a community-based organisation it’s not having to pay dividends to outside shareholders, we can just put all of our money back into better services, better facilities, better loan rates, better borrowing rates for the community. It’s tinged with sadness but everything’s got to move on, we’ve all got to move on and pass the baton over to next generation of people and let them carry on the hopefully the good work.”¹¹²

¹⁰⁹ Ibid.

¹¹⁰ Vicki Bastin-Byrne, OH, op. cit.

¹¹¹ Jan Davis, OH, op. cit.

¹¹² Tony Edwards, OH, 2023, op. cit.



WE'RE HERE
for good.

WE'RE HERE FOR GOOD

Part of the strength of community banking is that there can be local contact when questions need to be asked and enough local staff on the ground. "We've had about a 15 percent increase in headcount over the last five years. Roughly half of those have gone into customer-facing roles and the other half into back-office type roles. Three or four years ago we didn't have a full-time fraud officer. Now we've got a full-time fraud officer. We had one in our compliance and regulation and now we've got two. We introduced more loan assessors. For example, at the moment, my call centre is running at a 20-second wait time. To do that, I put bums on seats of locals. For pure economics, you wouldn't have those people. You'd have an IVR (Interactive voice response or automated phone system) and customers could just wait. But we say, 'No, it's important for our customers'. It's actually important for economic efficiency in our town that our customers only spend 20 seconds on the phone, not two hours, because when they're tied up for two hours they can't be doing what they should be doing, which is earning money. So we deal with them quickly and help them."¹¹³ By the end of 2023 The Capricornian was proud to share that "since January, the Contact Centre team has answered over 21,000 calls with an average 42 second wait time".¹¹⁴

2023 also saw The Capricornian roll out a new marketing campaign; the slogan 'Here for Good' - a catchy phrase with multiple meanings that summed up The Capricornian's ethos. A local institution that has survived where others haven't and has become a strong entity that will endure. An exemplar of a local institution that can provide many benefits to the local community; employment, a locally owned and run alternative to the Big Banks, a good rate of return, reasonable interest rates, service to members and donations to the community as a whole. The Capricornian has stayed true to the roots of the organisation but has flourished into a modern financial institution with a promising future ahead. "I see The Capricornian continuing for many years to come so the good people of Central Queensland can access financial services locally, from people who live locally and control their own destiny."¹¹⁵

¹¹³ Dale Grounds, Standing Committee on Economics Inquiry, 30/06/2023, parlinfo.aph.gov.au

¹¹⁴ Capricornian Facebook page 2023

¹¹⁵ Dale Grounds, OH, op. cit.



Board of directors 2024
From left - Ian Mill, Narelle Pearse, John Siganto (Current Chair), Bronwyn Davies, Graham Olrich, Jan Davis and Tony Edwards (Ex-Chair)

THE NEXT CHAPTER – A NEW NAME, THE SAME PURPOSE

As The Capricornian steps confidently into its next chapter after the many successes in its 65 year history, it does so with a new name that reflects both progress and pride: The Capricornian Bank.

The addition of "Bank" marks a natural evolution in a rapidly changing financial landscape, one that better represents the full scope of services provided while aligning with fellow mutual and community-owned institutions across Australia. But while the name is changing, the heart of the organisation remains the same.

Since 1959, The Capricornian has served the people of Central Queensland with purpose, care and connection. That legacy endures. The mutual model, where members have always come first, will continue to guide every decision. Whether they are long-time members or new customers, The Capricornian's commitment to service, community investment, and locally-led banking remains as strong as ever. This is not the end of the story; it is the beginning of a bold and exciting new chapter for the Credit Union.

