

Bendigo Community Telco Chairman's AGM Address

Wednesday 20th October 2010

During the year Bendigo Community Telco celebrated its tenth anniversary; it is particularly pleasing to see the opening of the new Business Advisory Centre (corner McLaren & Williamson Streets Bendigo), the launch of new wholesale service offerings to other Community Telco networks across Australia, and see a number of investments in infrastructure and new products and services being commissioned and starting to generate new revenues for the business.

The past twelve months have seen the Australian economy and our local market stabilise, following the impacts of the global financial crisis on our local economies. Australia has held up very well and, while the global financial crisis and our large investment program reduced last year's returns, we are pleased to see a strong return in profit performance across the entire business. Market conditions continue to improve, and our service proposition has been greatly enhanced.

Your local Community Telco produced a pleasing result for the 2009-2010 financial year, achieving a 35% increase in profit after tax of \$736,744. This has enabled directors to declare a final dividend of 6 cents per share, making total dividends attributable to the financial year of 9 cents per share fully franked. We have achieved strong earnings per share improvement over the year, and the balance sheet is in excellent shape.

The launch of the unique Community Telco initiative a decade ago was perhaps seen as bold – given the construct of the telecommunications industry in Australia. However it was essential to attract the necessary commitment from major carriers and gain access to essential infrastructure, to ensure our community would not be disadvantaged due to priorities being set by others who perhaps would not place as high a priority on our local needs. It was essential to ensure that businesses operating in our region were not disadvantaged, vis-à-vis their capital city peers, with respect to an important service like telecommunications.

Over the years, significant leverage has been achieved from our combined buying power and has presented various industry partners with “an irresistible opportunity” to address priorities and serve the community – through a commitment to fully utilise the services they provide in our market. We have also ensured the telco industry is applying the appropriate priority to the market and economy. There is now an active competitive landscape for businesses (be they Bendigo Community Telco customers or not). The benefit for our local economy is substantial and the capital retained extremely valuable.

An important objective was to ensure we retained local capital and profit in our community – while building strong new competencies and infrastructure to enhance the range of services Bendigo Community Telco could offer local customers. This commitment has remained a priority for directors and, coupled with the implementation of the 8-Star Customer Service Charter, there is confidence in the quality services being offered with a clear focus on what customers are trying to achieve with the products they utilise within the Telco business.

Bendigo Community Telco is the largest enterprise within the Community Telco Australia family and, during the course of the year; have established an ability to leverage some of the core capabilities (and wholesale a range of such facilities) to the other Community Telco enterprises across Australia. An investment program has continued – in establishing new capabilities and new infrastructure to enable an enhanced range of services and facilities that can be provided to our customer base – and Bendigo Community Telco have continued to receive great support from local customers. The strength and commitment shown by the Bendigo community leaders have again demonstrated what this city is capable of in terms of creativity and innovation.

As the telecommunications industry is extremely competitive – with new competitors joining regularly and the rapid introduction of new technologies – competition can be expected to remain brisk in coming years. Bendigo Community Telco has performed exceedingly well, and can confidently add real value for clients by focusing on what the customer is trying to achieve and then setting about securing and installing the appropriate solution to address each particular individual need.

The new Network Operation Centre (NOC) has been a major investment by the business to enhance the range of services needed to provide for our largest customer. With successful implementation for this customer, the services of the NOC can now be expanded and, it is expected that it will continue to grow as new businesses take up this world-class service. The NOC will enable Bendigo Community Telco to add significant value for many other customers as well as produce new and diversified revenues for the business.

Other investments in new capability are also enabling development of products and services that add to our customer proposition and this will help secure the position of Solutions Partner with each business customer.

Bendigo Community Telco's end-of-year result not only acknowledges the clear strategy and priorities that have been set for the business, but also is testament to the outstanding dedication and commitment shown by the management team and staff to this important local business. I would like to thank the directors for their ongoing support during what has been a very busy year. The entire board sincerely thanks the strong Management team, dedicated staff and our loyal shareholders for ongoing support and contribution to the success of the business.

The Board is optimistic about the future and looks forward to the business continuing its progress into the next decade. We are also extremely proud that Bendigo Community Telco continues to make substantial community contributions (referred to in the Annual report), and that these contributions have remained synonymous with our business since it was launched a decade ago.

In addition, it is interesting to note that the Community Telco Australia family – of which Bendigo Community Telco is the largest enterprise – is now in the top 20 largest telco groups in Australia. We feel our community and our Telco are making good progress. We are proud to be both relevant and connected to both community and customers, and intend to continue the pursuit of innovation and customer service enhancements which will secure the success of this locally-owned business for many years to come.

Once again we would like to thank all our shareholders who have assisted to make this unique Community Telco a success.