



“A national superannuation fund for rural and regional Australia”

NEEDS ANALYSIS
JUNE 2020

Prepared by RuralSuper Australia Pty Ltd as the promoter of
RuralSuper Superannuation Fund (ABN 42 616 856 798)

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Lack of population growth in regional Australia:

The following table illustrates the population growth in each of the various regions.

(Source – Australian Bureau of Statistics – Estimated Resident Population by Remoteness Structure – 30 June 2011 to 30 June 2012)

Regions	No. per 1,000 of population growth
Major cities	793
Inner regional	135
Outer regional	57
Remote	13
Very remote	2

*Quote – “The infrastructure needs of our regional capitals are not going to be funded by one government – or by governments alone All levels of government must work in partnership, and we have to find innovative way to finance new infrastructure, including tapping the resources of the private sector, and in particular, **superannuation funds.**”*

The Hon. Simon Crean, MP, former Minister for Regional Australia, Regional Development & Local Government; former Minister for the Arts

Extract from IMPACT-Australia: Investment for social and economic benefit

Billions can be saved in infrastructure costs:

“Work by the Department of Planning and Regional Development revealed housing 50,000 new people in Sydney cost Government \$4 billion in infrastructure, whilst to house those same people in regional NSW cost just \$1 billion. **This means for every 50,000 people who choose to live in the country, governments save roughly \$3 billion in infrastructure costs.**”

(Extract from former Senator the Hon. Fiona Nash 2016 address to the Rural Press Club of Victoria)

Electorate Redistributions:

The continuing population growth in our major cities and the lack of growth in our rural and regional areas will result in electoral distributions generally creating additional city seats with possible losses of seats in rural areas.

The 2018 redistribution in Victoria saw the creation of the new seat of *Fraser* in Greater Melbourne.

Superannuation Contribution Guarantee:

The introduction of the Superannuation Contribution Guarantee (SGC) has created a major unintended consequence for rural and regional Australia.

Over the past 10 years \$100 billion* has been paid into various Superannuation Funds from rural and regional Australia with little if any reinvested back into the regions.

Currently \$11.2 billion* (net) is being paid into the Funds each year from rural and regional Australia. As the contribution levels increase from 9.5% to 12% the regions will be increasingly disadvantaged as the money from the regions gradually increases.

In addition member contributions whilst “highly desirable” (to help fund members achieve a reasonable retirement benefit) will further exacerbate the economic loss to the regions.

(*Source – Australian Bureau of Statistics – Wage and Salary Earner Statistics for Small Areas, 2009-10)
Adjusted for contribution increase of 0.25% from 1st July 2014

A specific example for Australia:

Currently contributions from rural and regional Australia are \$13.2** (gross) billion per annum, with an estimated economic loss of \$66 billion*** per annum to rural and regional Australia.

(** Australian Bureau of Statistics – Wage and Salary Earner for Small Areas) Adjusted for contribution increase of 0.25% from 1st July 2014

(***Standard economic multiplier effect of 5:1)

Annual SCG Contributions from rural and regional Australia

(Source: Australian Bureau of Statistics 2014)

State	Regional Labour Force	Average Wage	S.G. Contribution Per employee	Total Contributions per State	Nett Contributions after 15% Tax
NSW	1,030,457	\$43,992	\$4,069	\$4.2 billion	\$3.6 billion
VIC	569,346	\$40,786	\$3,776	\$2.2 billion	\$1.9 billion
QLD	991,336	\$44,835	\$4,147	\$4.2 billion	\$3.5 billion
SA	148,403	\$39,497	\$3,653	\$548 million	\$461 million
WA	212,857	\$50,235	\$4,647	\$989 million	\$841 million
TAS	121,168	\$39,898	\$3,691	\$447 million	\$380 million
NT	24,768	\$46,606	\$4,311	\$107 million	\$91 million
	3,098,336			\$12.5 billion	\$10.6 billion

The Solution:

A new national Superannuation Fund for the benefit of rural and regional Australia.

Background –

Over the past several years our team has carried out a feasibility study into the establishment of a new national Superannuation Fund.

This study has been extensive and funded by individuals purchasing units in the Rural and Regional Unit Trust. The study confirms the viability of establishing a rural based fund and attracting funds under management of up to **\$5 billion** as an independent entity and up to **\$19 billion** with appropriate financial resources.

What the Project is about –

The Project will create a superannuation fund specifically designed for rural and regional Australians that will be:

1. In the fund member's best interest: benefiting local people and local economies as a result;
2. In the national interest: revitalising rural areas and regional cities to expand and develop;
3. A contributor to food security: by keeping farmers on the land and encouraging young farmers to engage in future rural development;
4. Able to address the development needs of rural and regional Australia: it will be designed for and with rural and regional Australians.

The initial target is to capture the following percentage of the market –

- **\$5 billion** as an independent entity.
- **\$19 billion** with appropriate financial resources.

The Vision –

The strategy outlined in this document will generate significant benefits for rural and regional Australia.

Agriculture and/or the production of food becomes more important as the international demand for food significantly increases.

The Fund will help return balance to the superannuation industry in Australia by ensuring that part of the superannuation each person contributes to will be re-invested in that part of the country where they are currently living and working.

RuralSuper is designed to achieve this result.

Market Share –

The two year goal of RuralSuper is to obtain a market share of 10% of the rural and regional market.

The target number of members at the end of year one is **18,000** and at the end of year five is **268,000** members, thus establishing the new fund into a prominent, competitive market position.

The Appeal of the Fund to rural and regional Australia –

The fund will have wide appeal to the people residing in rural and regional Australia because of the return of investment funds to their regions creating additional economic activity, growth, employment opportunities and new regional infrastructure.

The 10% mandated to go back to rural based Credit Unions, Building and Friendly Societies will increase the availability of loan funds for housing, motor vehicles, business and personal loans. (See page 8 – Use of Proceeds)

Regional Committees –

Regional Committees will be organised where possible in approximately 20 – 22 regions throughout Australia.

Committees will be comprised of leading professional and business people plus, where appropriate representatives of local government, industry organisations, credit unions and rural banks.

The committees will assist in the promotion of the superannuation fund and act in an advisory capacity, helping to identify potential investment opportunities in the region.

Regional Investment Trust (RIT) –

A Regional Investment Trust will be established and ultimately 30% of the funds will be directed via this Trust into investments back into the local regions.

These moneys can be augmented by contributions from SMSF (Self Managed Superannuation Funds), private investors, government grants and philanthropic foundations.

Use of Proceeds –

The fund will mandate a minimum of 30% of FUM (funds under management) be reinvested where practical into the regions from which they originated.

Initially the 30% of FUM mandated to be returned to the regions will be invested with regional credit unions, building and friendly societies and similar organisations. Until such time as Regional Committees and the Regional Development Trust is established.

These bodies will facilitate investment of funds back into the regions with 10% remaining with the credit unions, building and friendly societies.

Table of moneys which will be returned to rural and regional Australia from the RuralSuper Superannuation Fund

Percentage of rural and Regional market attained	Total Funds Under Management	Initial funds returned to rural and regional Australia
2%	\$3.2 billion	\$960 million*
5%	\$13 billion	\$3.9 billion*
10%	\$26 billion	\$7.8 billion**

****\$7.8 billion would provide approximately 66,300 new jobs in rural and regional Australia.#**

**(Source – USA Green Card Program and Washington State Input-Output Multipliers “regional economic impacts”. To date we have been unable to source any relevant statistics within Australia hence the use of the USA data.)

Note: For foreign nationals to obtain a green card to live in the USA they are required to invest \$500,000 in the USA, and in doing so create 10 new jobs.

Whilst the USA data indicates that \$1 million invested will create 20 new jobs, we have applied a multiplier factor of 8.5 new jobs for every million dollars invested into the regions in Australia.

The Victorian State Government has advised that between 2007 and 2011 the GIFF (a Commonwealth and State Government initiative in partnership with Ford Australia) provided offers of financial assistance to 24 businesses in the Geelong region. These offers of assistance for 20 projects aimed to attract a cumulative total and \$96.95 million of new investments in the Geelong region and to create 1,117 new jobs – **approximately 11 jobs per million dollars invested.**

Impact Investing:

Impact investing is a new class of investments in Australia. It is currently being successfully implemented in the United Kingdom.* Impact investing is designed to deliver both a social and financial return. As such, it offers charitable, not-for-profit and philanthropic investors an opportunity to achieve their goals.#

Where applicable the principle of impact investing will be used in returning funds to the regions.

Impact investing intentionally seeks to achieve a positive social, cultural or environmental benefit as well as a measure of financial returns.

*(Source – Bridges Ventures Limited UK, 2009, see:<http://www.bridgesventure.com/>)

#(Source – David Knowles, Executive Director, Philanthropic Services, JB Were, Impact – Australia, Investment for social and economic benefit)

Table of moneys available for investment into rural and regional Australia when matched by Government and Philanthropic Grants

Percentage of rural and Regional market attained	Superannuation plus Matching Government Grants	Superannuation plus Matching Government and Philanthropic Grants
2%	\$6.4 billion	\$9.6 billion
5%	\$26 billion	\$39 billion
10%	\$52 billion***	\$78 billion****

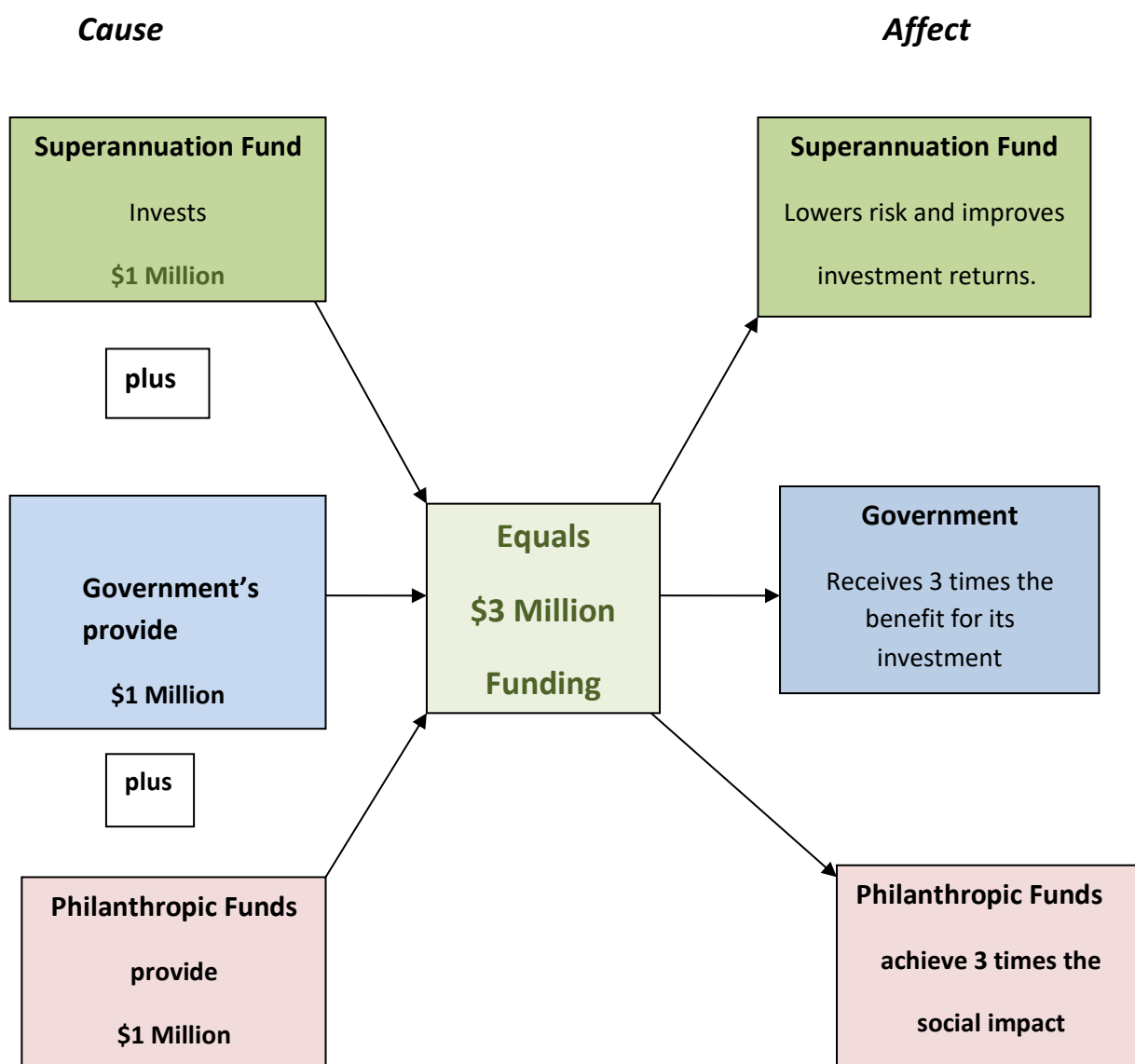
***** \$52 billion would provide approximately 442,000 new jobs in rural and regional Australia#**

****** \$78 billion would provide approximately 663,000 new jobs in rural and regional Australia**

(Sources: See page 8)

The cause and effect of Impact Funding –

Impact Investing is most effective when private investment, government funds and philanthropic funds are combined for investment as illustrated below.



Rural and Regional Unit Trust:

Current Status:

Eighteen investors have to date invested a total of \$1,450,001 in the Rural and Regional Unit Trust to help develop, launch and grow the Fund.

Number of Units issued and details of Units currently available in the Rural and Regional Unit Trust.

Type	Issued	Current Unit Price	Current number of Units available
Initial Units	1,850,500	\$1.00	Nil
Development Units	Nil	\$10.00	1,000,000

Current funding requirements –

\$5,000,000 is required for RuralSuper Australia Pty Ltd to build the fund to a position of self-sufficiency and to guarantee the success of the venture.

We are seeking to obtain the required funds from additional unit sales to the private sector, and or by Government grants/loans.

A summary of the budget profit/loss projections is as follows:-

	Year 1 \$	Year 2 \$	Year 3 \$
Income	4,833,329	19,250,633	38,103,948
Expenditure	7,537,043	10,241,843	10,088,013
Profit/Loss	-2,703,714	9,016,790	28,015,936

The head office for RuralSuper Australia:

The head office for RuralSuper Australia will be located in a regional city in Australia, this will ultimately be determined by the initial support that the fund receives from local communities and civic leaders and the availability of physical and staffing resources.

Whilst it is too early to accurately forecast staff requirements, estimates based on staffing levels to FUM for other industry funds, indicate that with 268,000 members the fund promoter will require 18 employees at head office plus 20 – 22 development managers (one for every region in Australia).

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