

Bendigo class action enters mediation

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Investors who lost money in the collapse of agribusiness group **Great Southern** have entered a mediation process in a bid to resolve a long-running class action against **Bendigo and Adelaide Bank**.

The mediation, which has been going for a number of weeks, was ordered by the Victorian Supreme Court in an attempt to negotiate an end to a three-year long case.

Great Southern, a Perth-based manager of timber, olive and almond agricultural schemes, collapsed in May 2009 leaving thousands of investors out of pocket. More than 2000 people who borrowed money to pour into the schemes launched a class action in 2010 to try and have loans from Bendigo and others declared void by alleging links between lenders and Great Southern companies.

Many investors have refused to make loan repayments to Bendigo while court proceedings play out.

Macpherson+Kelley, the law firm acting on behalf of investors, confirmed the development in the case, although there is no suggestion that a settlement is forthcoming.

"We are still in mediation and it is confidential as to what goes on in that



Bendigo Bank's Mike Hirst is hoping for a resolution with former Great Southern investors. PHOTO: ARSINEH HOUSPIAN

mediation, so I am not in a position to say anything," M+K principal Ron Willemsen said. "It has been a long-running trial and if that mediation does not result in a settlement then it will be more of a trial to come."

Bendigo reported an 8 per cent increase in annual profits to \$348 million last week. However, the bank's

impaired loan increased by about \$100 million over the 2013 financial year, a small part of which related to bankruptcies among Bendigo customers exposed to Great Southern.

"We are unable to contact borrowers during the court proceedings. So it makes it difficult for us to manage the financial impact of that," Bendigo

chief executive **Mike Hirst** said. "So hopefully we see some resolution to that in the near term. It might get resolved, it might not. If it doesn't, we are back in court."

The case is due back in the Victorian Supreme Court on September 2 if the two parties cannot reach an agreement during the mediation.