

**Committee Secretary
Parliamentary Joint Standing Committee
Corporations and Financial Services
Parliament House
Canberra ACT Australia**

**Committee Secretary
Parliamentary Senate Select Committee
Agriculture and Related Industries
Parliament House
Canberra ACT Australia**

Good morning – please accept this email and attachments as a formal submission to both Inquiries.

I would like to see a hearing (or hearings) of both Inquiry Committees conducted in Albany, Western Australia to allow relevant parties to give evidence in the matter.

In my opinion, the Joint Standing Committee Inquiry into *'Agribusiness Managed Investment Schemes'* and the Senate Select Committee Inquiry into *'Food Production in Australia'* (along with any current or future ASIC investigation) should be deferred to a Royal Commission under the auspices of the Governor-General of Australia. This would circumvent the duplication and waste of resources associated with any potential witch-hunt, where the government (local, state and federal) and business can best be described as *'stupid-is-as-stupid-does'*.

The West Australian

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Fresh liftout

Under the hammer

Presley and Monroe memorabilia go up for auction

Page 10



BURKE STUNG



Standing up Brian Burke takes centre stage during the Great Southern creditors' meeting in Melbourne. Picture: Justin M. Jones/ABC News

Ex-premier stands up for underdog in corporate failure

SARAH PHIBBS
SULLIVAN

Former WA premier and political ally Brian Burke has emerged as a high-profile victim of the multi-billion-dollar collapse of forestry and agricultural products giant Great Southern.

Mr Burke, who is understood to have a six-figure stake in stakes in former Great Southern company, was in Melbourne yesterday with his son Peter to confront the administrators of the failed timber, horticulture and cattle producer.

Mr Burke reportedly himself headed into a creditors' meeting, cutting himself in the role of ally and defender of the interests of the 43,000 investors who stand to lose a combined \$2.2 billion in the company's 43 managed resources schemes and 12,000 shareholders who could lose millions more.

He succeeded in having the meeting delayed 45 minutes while hundreds of investors and shareholders, many from rural Victoria and Queensland, were still waiting for a meeting to begin.

Later, in a long question to administrator Martin Jones of corporate restructuring firm PwC, Mr Burke asked if Mr Jones could be relied on to get the interests of unsecured creditors and small investors ahead of the big banks.

He questioned whether the administrator was "deeply conflicted" given its responsibility to arrange the sale of 37 companies that made up Great Southern's complicated corporate structure.

He also pointed the finger at global accounting giant KPMG for allegedly adding small investors in a handful of Great Southern land-cattle projects to ensure their ownership of the projects was non-volatile. Great Southern shares

they inquiry into the failure of the managed investment scheme business model, given the collapse of Great Southern and forestry products company Timbercorp.

Peter Burke was elected to a so-called creditors committee, where he will represent the interests of small investors and shareholders to the creditors on behalf of Mr Burke's family company Abby Lee Pty Ltd.

Brian Burke declined to be interviewed by *The West Australian* after the meeting, saying "Every time I comment to the press, I am described as disgraced former premier."

He also refused to say exactly how much money his company had invested in Great Southern, but in his comments to the meeting, Mr Burke made it clear that he believed the interests of small investors and shareholders would be advanced by the interests of the banks, including Commonwealth, BankWest and ANZ.

"Individually, the growers and investors like my family have no chance of standing up to and succeeding in the face of the influence and the power of the secured creditors led by the banks," Mr Burke said.

He told the meeting there was ample basis for a Federal Government inquiry. "Firstly, 43,000 investors, a raft of secured and unsecured creditors and other people are affected by what happened," he said. "It's a substantial national event."

"Secondly, these schemes were in large part predicated on government policy which said, 'If you invest in certain areas, we will provide product ratings to underpin the effectiveness of your investments'."

"And thirdly, there was a substantial change in policy that impacted on the stability of these schemes when the Government decided it would not provide product ratings in respect of the more speculative investments that started to grow up."

He called for a Federal parliament-

SARAH PHIBBS

3

Great Southern directors face probe on restructure

By MICHEL DONOHUE and GARETH PARKER

Administrators will investigate the role of Great Southern's directors in a controversial restructure based through last month before the company's collapse as they seek to identify funds for creditors.

At a key meeting of more than 400 Great Southern creditors, investors and shareholders in Melbourne yesterday, former Hodgson co-administrator Martin Jones said he was aware of concerns about the circumstances surrounding the restructure, dubbed Project Transition.

"Without saying anyone out, there will be a complete review of the project," Mr Jones said. "There will be an examination of the project, whether it was adequate at the time and whether the decisions were adequate at the time."

He was also investigating the possibility of meaning the transactions, under which thousands of investors agreed to exchange their interests in a handful of Great Southern's managed cattle and timber projects for shares in the company.

Those shares, which were issued to investors at 20c in February, are now worthless. As shareholders, the affected investors are now at the bottom of the pecking order, ranking behind creditors, suppliers and employees in the event of liquidation.

M&S investors have a chance of recovering some funds if their projects are deemed to be financially viable and if another responsible entity can be found to manage them.



Queuing for redress: Creditors wait to register before yesterday's Great Southern Pastoral Group creditors' meeting in Melbourne. Peter Watts

But asked whether he was concerned there had been breaches of the Corporations Act, Mr Jones said: "It's not something I want to run off in terms of concerns. We want to look at it thoroughly, make our decisions around the facts and report back."

He had been in contact with the Australian Securities & Investments Commission and would "assist them if they want to investigate" further. Investors said they were told by the company the restructure was not an

attempt at a distressed capital raising.

Hugh McLerran, managing director of litigation underwriter UML, said The WIS should be used to investigate potential avenues for legal action resulting from the restructure after being contacted by about 60 affected shareholders, including former WA politician Brian Burke.

"We are examining the circumstances in which some members of the 2006 and 2007 hog cattle managed investment scheme chose to lose their

property to Great Southern in circumstances that occurred against their will," Mr McLerran said.

His comments came after Mr Burke and other investors at yesterday's meeting singled out accounting firm KPMG for criticism over its role as the independent expert commissioned to assess the Great Southern's restructure. RPMG advised investors the restructure proposal was "in the best interests of project directors as a whole".

Creditors were told yesterday that the administrators' investigations to date had found Great Southern had raised \$2.3 billion from the 43,000 investors in its 45 managed investment scheme projects.

More than 70 per cent of the funds were spent on forestry projects, with 10 per cent raised for its horticulture schemes and the remainder for cattle. Great Southern had total assets of \$1.6 billion and liabilities of \$9.1 billion at April 30.

Some of the other more interesting discussion papers (with implications for various industry / community portfolios) surrounding our work include :

- ❖ [Peak Oil Gas & Nuclear Power](#) – everybody's growing concern
- ❖ [Manypeaks Transitional Governance](#) – a challenge for the State of Western Australia
- ❖ [Anzac 2014-18 – a National Celebration Strategy](#) – there is a role for each Australian state / various cities
- ❖ [Albany International Airport](#) – achieving regional accessibility for trade
- ❖ [Albany Industrial Seaport Relocation Plan](#) – achieving regional accessibility for trade
- ❖ [Albany's UNESCO World Heritage Nomination – Convict Colonial Settlement](#) – international tourism
- ❖ [Planning Instruments of Western Australia](#) – the bottom line of WAPC activities
- ❖ [Global Warming & Sea Level Change](#) – profound implications for insurance & property development.

You may care to examine the [Rainbow 2000© Project Major Statements File](#) as a holistic review of the past decade focussing on Albany, but with overtones for regional, state, national and international development.

I have attached a letter from the Hon. Gary Gray AO MP – Minister for Regional Development and Northern Australia for your consideration.

Please call if you would care to discuss the Rainbow 2000© Project – there is a standing offer to brief political parties, government and industry groups – and our recent submission to [Infrastructure Australia](#) is a relatively succinct explanation of project evolution (and governance failure – both public and private).

Yours faithfully
SMITHSON PLANNING

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PIA^{CPP}, EIANZ, NELA, LGPA, AAPC, NTWA, FDI, CSC 2003