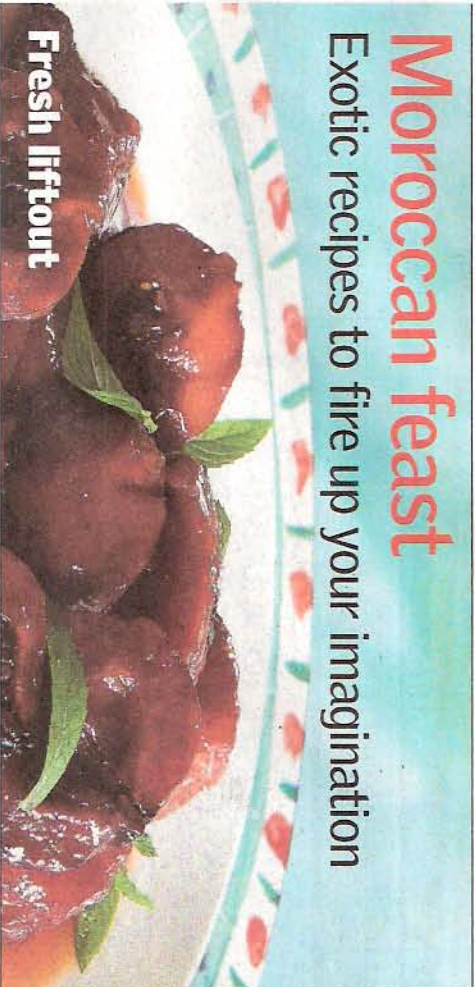


The West Australian

Moroccan feast

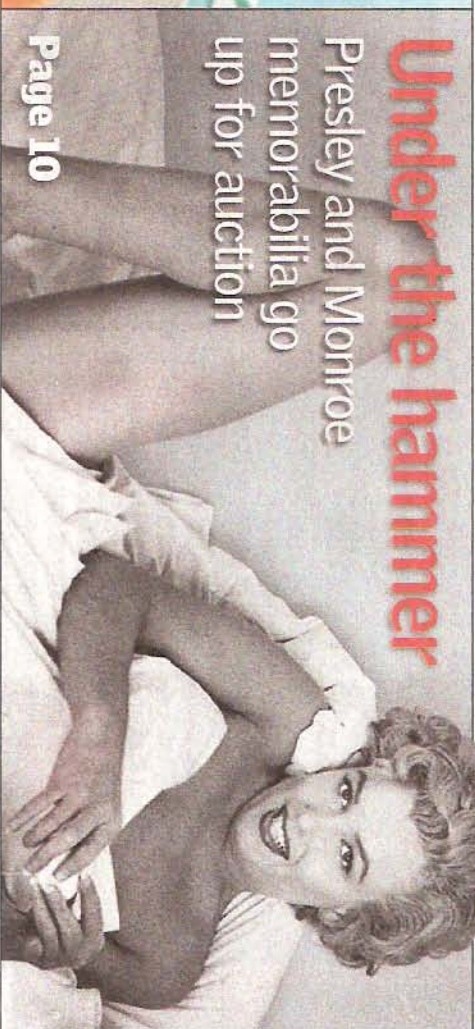
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Presley and Monroe memorabilia go up for auction



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BURKE STUNG



Ex-premier stands up for underdog in corporate failure

**GARETH PARKER
MELBOURNE**

Former WA premier and political lobbyist 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 sum at stake in various Great Southern companies, was in Melbourne yesterday with his son Peter to confront the administrators of the failed timber, horticulture and cattle producer.

Mr Burke injected himself forcefully into a creditors' meeting, casting 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 45 managed investment 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 interstate, were stuck outside completing registration forms.

Later, in a long question to administrator Martin Jones of corporate turnaround firm Ferrer Hodgson that drew a loud round of applause from the crowd, Mr Burke asked if Mr Jones could be relied on to put the interests of unsecured creditors and small investors ahead of the big banks.

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

He also pointed the finger at global accounting giant KPMG for allegedly advising small investors in a handful of Great Southern beef cattle projects to convert their ownership of the projects into now-worthless Great Southern shares.

He called for a Federal parliament-

fary 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 Abbey Lea 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 subsumed 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 rulings to underpin the tax effectiveness of your investment'.

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

> **RESTRUCTURE PROBE**



Great Southern directors face probe on restructure

LBS 28.5.2009 P41
RACHEL DONKIN and GARETH PARKER

Administrators will investigate the role of Great Southern's directors in a controversial restructure forced through just months before the company's collapse as they seek to recoup funds for creditors.

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

"Without singling 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 reversing the transaction, 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 28¢ 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.

MIS 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 Plantation Group creditors' meeting in Melbourne. Picture: Fairfax

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 innuendo. 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 McLernon, managing director of litigation funder IMF, told *The West Australian* he was also investigating potential avenues for legal action resulting from the restructure after being contacted by about 40 affected shareholders, including former WA premier Brian Burke.

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

property to Great Southern in circumstances that occurred against their will," Mr McLernon 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. KPMG 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 76 per cent of the funds were spent on forestry projects, with 16 per cent raised for its horticulture schemes and the remainder for cattle. Great Southern had total assets of \$1.6 billion and net assets of \$619 million at April 30.