



Kim Booth MP
Member for Bass
Tasmanian Greens

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Thursday, 24 OCTOBER 2012

Mr John Morschel
Chairman of ANZ
Level 9, 833 Collins Street
Docklands Victoria 3008 Australia

Dear Mr Morschel,

Re: Secured Creditor Status and ANZ Tasmania

I write to inform you of a Motion that was recently passed by the Tasmanian House of Assembly (please find a copy of the Motion on pg 3). The original Motion was tabled by the Tasmanian Liberal Party, amended by the Labor Government and passed by the Labor government and Green Party (please find the full transcript of the debate attached).

I would like to draw your attention specifically to point (6) of the Motion that states:

Asks the relevant banks and financial institutions to consider the request to forgo their status as secure creditors of Gunns Limited to ensure that local businesses, farmers and contractors can receive their moneys owed.

As you may be aware, following on from the collapse of Gunns Ltd in Tasmania, the Tasmanian Greens have been calling on banks to forgo their secured creditor status to demonstrate good corporate citizenship and prevent the Tasmanian economy from further hardship and debt.

The Tasmanian Greens made the request to the banks to forgo secured creditor status, and the ANZ in particular, because the banks are in part responsible for a situation where Tasmanian businesses will not receive moneys owed to them and will be forced further into debt.

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ANZ continued to fund Gunns' operations despite it being clear that the company has been on the path to insolvency for the last two years. This pathway could be determined by simply looking at Gunns' MIS which required unsustainable outgoings in rent, management and maintenance before the plantation could mature enough to be profitable if a market were to be found.

It is clear that the ANZ continued to prop Gunns Ltd up to secure the profits from asset sales and with the precaution of secured creditor status. ANZ did this whilst at the same time they loaned money to businesses that had contracts with Gunns which were more than unlikely to be met.

It was clear that ANZ was operating solely on behalf of shareholders and took little account of ramifications on other customers or the community within which it was operating. Clearly, the ANZ brand, "*We Live in Your World*" is one that could be better written "*We Profit from Your World.*"

ANZ announced a statutory profit after tax of \$2.92 billion for the half year ended in March 2012. Clearly, the ANZ can afford to forgo the \$50 million owed to unsecured creditors to ensure that small Tasmanian businesses are paid out first and the Tasmanian economy does not suffer from a domino effect of bad debt.

ANZ should lead the way in setting a standard that communities can trust and forgo secured creditor status.

I would request that the Board of Directors consider the Motion passed by the House of Assembly and provide a response to the House at your earliest possible convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kim Booth', with a stylized flourish at the end.

Kim Booth MP

Member for Bass

Greens spokesperson for Small Business

HOUSE OF ASSEMBLY

That the House -

- (1) Notes the devastating financial circumstances that hundreds of unsecured creditors, as well as thousands of investors and tree farmers, now find themselves in as a result of Gunns' collapse.
- (2) Commends Jan Davis and the Tasmanian Farmers and Graziers Association for getting onto the front foot and organising meetings for the private land owners, tree farmers and growers so that the full extent of the impact can be understood on the farming sector.
- (3) Further notes that –
 - a. hundreds of other small to medium Tasmanian businesses now find themselves in financial difficulties and some on the brink of financial collapse as a result of Gunns failure and other recent corporate collapses such as Premium Fresh; and
 - b. that the forestry sector is facing significant challenges as a result of Gunns' exit from native forestry, the high Australian dollar and a rapidly changing domestic and international market.
- (4) Notes that the Premier has written to the receivers, KordaMentha, raising the importance of the plantation estate and its ongoing management.
- (5) Encourages the administrators and receivers to quickly resolve the issues surrounding the assets, operations and, importantly, creditors to Gunns.
- (6) Asks the relevant banks and financial institutions to consider the request to forgo their status as secure creditors of Gunns Limited to ensure that local businesses, farmers and contractors can receive their moneys owed.
- (7) Notes that the government is investigating the immediate impact on contractors of Gunns following the announcement of Gunns administration. **(17 October 2012).**