

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ52QW: Gerard Brown

In a letter to the HNAB Action group on 6 February 2017, Mr Gerard Brown, Group General Manager Corporate Affairs, refers to Recommendation 13 of the Senate Inquiry into Managed Investment Schemes and directs the Action Group to Korda Mentha. In that letter, why did Mr Brown fail to refer to the Committee's findings on the same page as that recommendation (page 283) that ANZ itself cannot outsource its responsibilities:

The committee is firmly of the view that the banks that financed investor loans through the financing arm of both Timbercorp and Great Southern cannot outsource their responsibilities for allowing borrowers to enter into unsafe loans. Even though the banks were not directly involved in arranging the loans and can legally distance themselves from the loan arrangements, they absolutely owed a duty of care to borrowers. As such, the committee contends that the banks, or liquidators with the banks' support, should, as a gesture of good-will, extend to those borrowers special consideration in resolving their outstanding debts.

Answer: As noted in our answer to questions on notice from the previous hearing (October 5 2016, Hansard proof page 18), ANZ, together with other lenders, provided wholesale funding to the Timbercorp Group, including Timbercorp Finance. ANZ did not provide advice to customers to borrow to invest in Timbercorp.

Loan collection undertaken by the Timbercorp Liquidator, KordaMentha, relates to loans between Timbercorp Finance and the individual borrower/investor. These are not loans with ANZ. The Liquidator must act independently of creditors such as ANZ and questions about recovery should be directed to KordaMentha.

ANZ has taken the view since 2014 that the best way to assist borrower/investor facing difficulty in repaying their debts to Timbercorp Finance was the development of an effective hardship program.

ANZ and Parliamentary representatives encouraged the Liquidator to put in place an accessible, transparent and empathetic hardship program for Timbercorp Finance borrowers. The Liquidator appointed an Independent Hardship Advocate to provide borrowers experiencing financial difficulty with additional time, flexibility and options to resolve their debt.

KordaMentha has advised ANZ that as at March 24 2017 settlements have been reached with 411 Timbercorp borrower/investors through the hardship program and a further 836 borrower/investors have applied to be included in the program.