

Submission to Senate Inquiry

"Effects of the GFC on the Australian Banking Sector"

date: 31st May, 2012

Economics References Committee

PO Box 6100

Parliament House

Canberra, ACT, 2600

Dear Senators,

Please find attached my submission that relates to how I/my business was treated by Bankwest after it was acquired by the Commonwealth Bank of Australia during the GFC in late 2008.

- Purchased investment property 2003 (121 Nicholson st, Footscray 3011). Bankwest provided initial \$600k funding.
- Commenced development 2006. Bankwest provided further funding for development.
- Completed development 2008. Bankwest loan reverted to investment loan.
- I (sole director) chose to retain entire building (11 tenancies). 95% occupancy, total gross income \$170k/pa, repayments to Bankwest \$80k/pa (property well and truly paying for itself).
- Rejected sale of \$3.2m 2008 (chose to retain building as investment).
- Purchased 104 Nicholson St, Footscray 3011 2008 (subject to finance). Bankwest relationship manager assuring no problem with funding.
- 2009, new relationship manager appointed by Bankwest.
- Immediate scrutiny applied by new relationship manager (review of company/financials/property)
- New relationship manager rules out any possibility of development funding for 104 Nicholson st. Property forgone, deposit refunded.

- I request explanation from manager. Manager assures me no problem and definitely no talk of foreclosing on customer who has never defaulted (written evidence of this statement 3 months prior to receiving foreclosure letter).
- New relationship manager requests revaluation of 121 Nicholson st. Valuer who was previously appointed by bank not allowed to conduct revaluation. Bankwest provides 3 valuers to choose from.
- Valuer values property at \$2.2m.
- Bankwest consider property to be risk.
- Bankwest request further security. No further security to add.
- Bankwest advise due to changed circumstances I have 6 mths to refinance or sell property (Sep 2010). Unable to refinance (unrealistic offers proposed by other banks), property was sold under my direction for \$1.6m.

Physical loss of \$1.2m, money which I injected into property. 7 years of work put into property not accounted for. It took 10 years for me to accumulate \$1.2m which I invested into this property. It will take another 10 years to accumulate a similar amount before I even attempt to commence another development. Have ruled out I will never borrow another cent from any bank which has one way contracts all in favour of bank. It has left me emotionally ruined, my family suffering from the fear of potentially losing our home during this event. It was the biggest turning point in my life to date.

I am sole director of freight forwarding business (est. 1996).