

**Submission to Senate Inquiry**  
**"Effects of the GFC on the Australian Banking Sector"**

**23<sup>th</sup> May: 2012**

**Economics References Committee**  
**PO Box 6100**  
**Parliament House**  
**Canberra, ACT, 2600**

Dear Senators,

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

The way they simply discarded our business was unbelievable if it wasn't true, the agonising thing is it could have been avoided if they would simply **give a Damn.**

**Introduction:**

After a slowdown in 2007 and into the first half of 2008 caused by the GFC, we managed to pull through with minimal staff retrenchments and a healthy order book going forward. Then late in 2008 Bankwest asked to review our loan facilities including reports from our accountant with Profit and Loss etc. They also did valuations on all of our assets, which came in a fair bit lower than valuations 12 months previous. This affected our **LVR** though not defaulting; it meant we were not able to extend our facilities further, which crippled our business. After all the relevant information was sent to Bankwest, our account was taken out of control of our usual Business Banking Manager, and sent onto their Asset and credit recovery department, which had no idea of even what

we did as a business. The senior manager at the time had only one mandate which was to have their debt recovered and new that we had the assets even at **Fire Sale Prices** to accomplish that. Not having the backing of Bankwest put pressures on our cash flows which flowed onto our existing clients. The constant pressure from Bankwest caused enormous stress on me, my wife and my oldest daughter who was dealing directly with the finance side off our business. We were forced into Voluntary Administration with Kordamentha , which after going through our business , one of their Partners involved commented that he **couldn't believe the bank were doing this** , but as the bank were one of their biggest clients their hands were tied.

#### **Detail:**

I started the business in 1983 in the Vehicle Manufacturing Industry from a single 100mt building as a sole operator, and built it up to a peak of 70 employees in three states, Western Australia, Victoria and Queensland. We where a well established company with many High profile Companies. EG Telstra, BHPB, Rio Tinto and list goes on.

Our company had various credit facilities with Bankwest including Business edge, overdraft and discount arrangements all of which were manageable. In the fourth quarter of 2008 Bankwest asked for a review of our Credit facilities. In January 2009 our account was put in control of Bankwests asset and credit recovery department with a senior manager as our contact. After seeking advice, and exhausting all other avenues, we were forced into Voluntary Administration on the 1<sup>st</sup> of July 2009 with Kordmentha. In September 2009 we were liquidated.

During the administration period, our overdraft facility was used by the bank for all of their costs associated with debt recovery. Large amounts of money were removed at any time for legal fees for their Legal representative Norton Rose, without any invoice sent to us as proof. All we received when we asked for one was an email saying basically we can do what we like. We were also paying a line fee on the facility even when we were not allowed to access it. The senior manager at the time wouldn't listen or take on board any way forward for our business even from Kordamentha who still couldn't believe the way we were being treated by Bankwest and especially the senior manager

involved. This senior manager mysteriously wasn't contactable after the damage had been done.

The impact caused by Bankwest actions was terminal from the beginning, as we had no chance of refinancing our facility, and the downsizing of the business costs were out of reach. And after a constant barrage of emails and phone calls such as **You won't be able to refinance your residual on your home loan after all this, because you are too old at 50.**

These comments knocked the fight out of my wife and I, after 25 years building a company, for someone who didn't even know the nature of what we did to have that mandate.

**Conclusion:**

All this could have been avoided, if they would have taken the advice from Kordmentha for a way forward for the company, at very little cost to Bankwest, in the context of things. I still here the comment from the senior partner at Kordamentha that he **couldn't believe the bank were doing this,** especially the fact that we had over 2 million dollars worth of orders on our books and nearly a million in(WIP) work in progress.

If they would have helped us through, I would still be running the business today, instead of eating red dust on a mine site in the Pilbara in Northwest Australia paying a residual on our home loan.

Yours Faithfully,