

# Senate asked to accept submissions on Gunns failure

RICHARD GLUYAS *The Australian* October 08, 2012 12:00AM

**A POWERFUL Senate committee that has been examining the impact of the financial crisis on banking could accept late submissions on the collapse of Tasmanian timber group Gunns.**

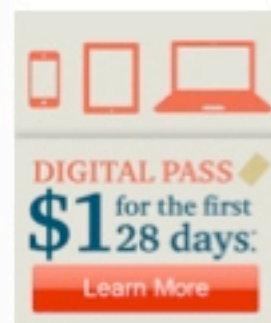
Nationals senator John Williams, who successfully moved in March that the Senate economics references committee inquire into post-GFC banking, said yesterday that he would propose this week that the committee considers issues surrounding managed investment schemes run by Gunns.

Up to 49,000 investors, also known as growers, are believed to have about \$1.6 billion at risk in the schemes. Many signed personal guarantees.

A Gunns subsidiary, Gunns Plantations, has responsibility for 21 schemes, including nine previously managed by Great Southern Plantations.

"These schemes have been hopeless -- many of them have collapsed," Senator Williams said.

The scheduled reporting date of the committee is at the end of this month. Mr Williams said he would argue that the committee should receive a late submission from Geoff Shannon's Unhappy Banking group, which appeared before the committee's post-GFC banking inquiry.



DIGITAL PASS  
\$1 for the first 28 days.  
Learn More

Mr Shannon indicated his interest in Gunns yesterday, seeking proxies ahead of the first Gunns creditors' meeting on Wednesday.

He said Gunns investors would lose any hope of recovering \$1.6bn if they were not recognised as bona fide creditors in the early stage of the administration.

"We urge all Gunns investors to contact us immediately for coordination of proxy votes that will be initiated over the coming weeks," Mr Shannon said.

Unhappy Banking, he said, would assist investors with a view to proceeding to a class action.

The administrator, PPB Advisory, has said that it is not yet possible to determine if scheme investors will ultimately be treated as creditors.

The firm would therefore treat scheme investors as contingent creditors for the purposes of the first meeting.

PPB Advisory chairman Ian Carson said it was premature to say that scheme investors would not recover anything.

He said that the firm was considering restructuring and equity proposals.

"People are talking about a rescue, and we will look at those proposals as they emerge," Mr Carson said.

As to the status of the scheme investors, he said that would be determined in the coming months.

"Until the claims are adjudicated, the courts have said that you admit each claimant as a contingent creditor," Mr Carson said.

Meanwhile, sources close to the growers have said that the NSW Bar is well represented among the investors, presumably attracted by the tax benefits associated with managed investment schemes.