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Parliamentary inquiry probes banking and financial services

Nicole Chettle reported this story on [Friday, November 13, 2015](#) 18:16:43

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TIM PALMER: It sounds like the stuff of movies - a multi-million dollar property development, links to royal families, and ultimately, the destruction of a dream.

Property developer Rory O'Brien has told a parliamentary inquiry his plans for a hotel and villas in the Whitsundays were shattered when the Commonwealth Bank took over Bankwest in 2008, and later demanded immediate repayment of his \$178 million loan.

The inquiry has heard at the time, Bankwest customers were 5,000 times more likely to have their loans declared "impaired", and some are demanding a royal commission into banking practices.

Nicole Chettle reports.

NICOLE CHETTLE: Rory O'Brien had big plans for Whisper Bay, a resort-style complex at Airlie Beach in Queensland.

He says the facility was voted in the top 10 in the world after its construction in 2008.

The former prime minister Bob Hawke bought an apartment off the plan and helped promote it, and there were other, high profile supporters too.

RORY O'BRIEN: With the assistance of his Royal Highness the Duke of York, who at the time was the British economic envoy to the Middle East, we enjoyed his support with high level introductions to the big Middle East sovereign investment funds, and concluded a deal with the Dubai royal family, the fifth wealthiest family in the world, to manage the completed resort under one of their hotel brands called Essque.

NICOLE CHETTLE: Rory O'Brien says the finances were sound. The \$282 million development included a \$160 million in pre-sales plus a hotel and a Middle Eastern investment fund to draw in sales to this and other Australian projects.

But things turned sour when the Commonwealth Bank took over Bankwest and the Dubai-backed hotel group started asking questions.

RORY O'BRIEN: Essque was surprised at the delays that the bank were indicating under the CBA regime which we now know and suggested to me at the time are they looking for a bribe or something? Why are they holding things up?

I explained it doesn't work that way in Australia.

NICOLE CHETTLE: Rory O'Brien said he heard nothing from the bank for five months, starving his business of funds. Then the bombshell. He was given 48 hours to repay \$178 million, plus an \$82,000 legal bill for what he says was a "one-and-a-half page standard letter"

RORY O'BRIEN: I was dead man walking the day they took it over.

NICOLE CHETTLE: Rory O'Brien said the bank's receivers swooped in 2010 and sold the development for \$56 million, taking advantage of a clawback agreement.

The inquiry heard that if Bankwest foreclosed on a loan, the bank could effectively recover the debt in full from Bankwest's parent company HBOS, because it was guaranteed by the British Government at the time.

Romesh Wijeyeratne is a former ASIC employee and says he doesn't understand why the corporate watchdog won't intervene, given these companies were solid performers.

ROMESH WIJEYERATNE: It was almost like the customers were set up to fail. The bank worked out what does the customer need to get out of this? Let's give them just enough time to fail.

NICOLE CHETTLE: Ross Waraker has been looking at these cases for three years and says the impact of the bank's decision is devastating.

ROSS WARAKER: It destroys people's lives. It has catastrophic effects.

I'm aware of one family who are victims of Bankwest. The father of that family has four young boys. Three out of his four children, including one who was seven years of age at the time, have had repeated suicidal thoughts over a period of at least two years.

That victim chose to give up his fight against the CBA in relation to his matter for the sake of his children's mental health.

No person should ever be forced to make that choice.

NICOLE CHETTLE: Rory O'Brien's Whitsundays dream is in ruins.

He was speaking under parliamentary privilege because he is subject to a gag order as part of a \$100,000 settlement with the bank.

The Commonwealth Bank was unavailable for comment, but said in its submission to the inquiry that the claims are without foundation. It blames the global financial crisis for its decision to move in on businesses when their credit profile changed.

But some witnesses are demanding a royal commission because they say that when it comes to customers taking on the big banks it's not a fair fight.

TIM PALMER: Nicole Chettle reporting.

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