

End of the line for Larry

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GOLD Coast developer Larry Matthews has gone under, 49 years after he built his first project, and he blames a heavy-handed approach from a creditor for his fate.

Mr Matthews, who undertook a string of projects on the Coast including the Sonata and Ocean Park highrises at Broadbeach, owes creditors about \$68 million.

But much of it is a debt with Tril-

ogy Funds Management which has control of the troubled City Pacific First Mortgage Fund.

Trilogy tipped Mr Matthews, aged 64, into bankruptcy for a \$61 million debt, which he racked up financing the Ocean Pacific tower in 2007.

The funds manager lodged a creditors petition in October in the Federal Magistrates Court in Sydney, which led to Mr Matthews being declared a bankrupt.

Mr Matthews said yesterday he wished Trilogy had taken a different approach.



Larry Matthews

up bankrupt and the investors will probably get nothing."

Mr Matthews said the bankruptcy was disappointing but hoped it

"I am strongly of the view that this could have been done differently," he said.

"There could have been a better result for me and for investors.

"But instead of that, I have ended up bankrupt and the investors will probably get nothing."

would not prevent him developing on the Coast in the future.

"It has happened. There is nothing I can do about that," he said.

"I just want to set it behind me and move on.

"It (developing) is in my blood ... I have been doing it for almost 50 years. I hope to be doing it again in three years time."

Jason Bettles, from Worrell's on the Gold Coast, has been appointed Mr Matthews' bankruptcy trustee.

Receivers Ken Whittingham and David Webb, from BDO, were last

month appointed to one of Mr Matthews' companies, Mienstock.

The City Pacific First Mortgage Fund made high-interest loans to a number of major Gold Coast developers, including the Raptis Group, Craig Gore and Niecon Developments.

Mr Matthews told the *Bulletin* yesterday he was the first developer Trilogy had come after but he might not be the last.

Trilogy Funds Management was contacted for comment yesterday but failed to return calls.

Check on auditors

THE Australian Securities and Investments Commission has called for audit firms to lift the quality of their work.

This stems from the result of an inspection program, which it said was "disappointing".

ASIC said yesterday the 18-month program covered 20 audit firms and found that more than one in six, or 18 per cent, of 602 audit areas under review were not dealt with adequately.

The figure was up from 14 per cent for the previous 18 months.

ASIC said there was a failure to perform all procedures necessary to obtain reasonable assurance that audited financial reports were not misstated.

Commodities fall bites

FALLING coal and iron ore prices have pushed Australia's external deficit to its highest level in 2½ years.

The Australian Bureau of Statistics (ABS) said yesterday the current account deficit was \$14.9 billion in the September quarter, from \$12.369 billion in the June quarter.

Macquarie senior economist Brian Redican said the main reasons for the widening of the deficit were recent falls in commodity prices and the Australian dollar staying high.

"That's also the main reason why mining investment plans are being pulled back," he said.

"The big fall in the terms of trade ... resulted in the blowout of the current account deficit.

"Usually that would have been reflected in a weaker currency but obviously with those sovereign and financial inflows into Australian financial markets we're not getting that shock absorber for the economy."

JP Morgan economist Ben Jarman said the decline in commodity exports was a drag on the trade figures.

Lew says GST-free web sales cost jobs



Chairman Solomon Lew (standing) has a quiet word with directors Lindsay Fox (left) and Frank Jones at the Premier Investments AGM in Melbourne.

KYLIE WILLIAMS

PREMIER Investments has attacked the Federal Government for not immediately lowering the \$1000 GST threshold on goods bought on overseas websites, saying it will cost thousands of jobs.

Premier Investments chairman Solomon Lew told shareholders at the retailer's annual general meeting that the Government's delay on lowering the threshold until next year was too little, too late.

Mr Lew referred to an Ernst & Young report that forecast 30,000 retail jobs would be lost over the next three years if the change was

not made. "My message to the Government is that we have all run out of time," he said.

"Change needs to be made right now, and if the Government needs any further proof of what's at stake, I have one word for them - jobs."

Premier Investments, the company behind brands such as Peter Alexander, Just Jeans and Portmans, reported a profit of \$68.2 million for the 2012 fiscal year, up 68 per cent on the previous 12-month period.

Mr Lew later said the company was forced to take its manufacturing base offshore because it was too expensive to keep it in Australia.

"My preference would have been to keep manufacture onshore but the issues were between the governments and the unions," he said.

"They created a situation where it was impossible to manufacture in this country. In fact, they incentivise you to manufacture offshore."

Before the Reserve Bank of Australia cut the cash rate by 25 basis points to 3 per cent yesterday, Mr Lew called for a 50-basis point cut.

He said a 25-basis point cut would not be enough to stimulate the economy or consumer sentiment.

"I have said many times that the RBA must act to send consumers a clear signal," he said.

"Incremental changes of 25 basis points are not enough to achieve a change in consumer confidence."

Mr Lew said that Christmas trading had started well but it was too early to make a prediction about consumer sentiment over the festive season.

"It is still too early to determine the outcome for the half year as our entire result rests on the next six weeks' trade," he said.

Mr Lew said the company's expansion into Asia with its Smiggle brand was going well and it planned to move into Malaysia and Japan within 12 months. Premier Investments closed 7¢ down at \$6.40.

Hats top off Coast broadband

MORE Gold Coast households now have access to fast, fixed-line broadband than anywhere else in the country.

Telstra Country Wide has just completed a roll-out of 159 "top hats" across the city.

The "top hats" have been integrated into existing street cabinets to allow more internet services for local residents and businesses.

"The top hat is an innovative way of deploying ADSL2+ equipment on top of an existing, street-side cabinet which provides telecommunications services," Telstra Country Wide general manager Darren Clark said. The Gold Coast now has almost 6000

ADSL2+ ports available, more than any other region, including metropolitan areas.

Ports are available in Oxenford, Coomera, Upper Coomera, Southport, Mudgeeraba, Robina, Arundel and Ashmore.

Residents and businesses can check whether they can access the new ports in any Gold Coast Telstra store.

"The upgrade supports our customers who want a connected home experience and will help them to connect up devices such as TVs, computers, smartphones and tablets," Mr Clark said. "It will enable our customers to access Foxtel on T-Box."

Offer sows seed of discontent

GRAINCORP is likely to reject US food processing giant Archer Daniels Midland Company's (ADM) second takeover bid, a market analyst says.

The \$2.78 billion offer is marginally higher than the \$2.68 billion Graincorp, a grain marketer and malterer, rejected last month.

ADM has increased its holding in Graincorp to 19.9 per cent - after buying a 5 per cent stake on Monday - taking it near the 20 per cent threshold that automatically triggers a full takeover bid.

City Index chief market analyst Peter Esho said Graincorp was set to reject the latest

offer from the Illinois-based global agricultural processing giant.

"My conviction is this is unlikely to be at a level to sweeten the deal," he said.

Nationals Senate leader Barnaby Joyce said a future takeover by a US company, not covered by Australian securities regulations, would be bad for local farmers.

"We're going to have another strategic monopoly," Senator Joyce said.

The new offer is for \$12.20 per Graincorp share, up from the previous offer of \$11.75.

Graincorp shares closed up 38¢ at \$12.32 yesterday.