

GRIFFIN COAL — COLLIE

Statement

HON DR STEVE THOMAS (South West — Leader of the Opposition) [9.25 pm]: Thank you, President, for the opportunity to make a few comments about the situation that is occurring in Collie, and particularly the impending destruction of the Griffin Coal Mining Company. I do not generally take the opportunity to talk about private companies in the chamber, but I will do so tonight quite specifically, and with the understanding that if I am careful, parliamentary privilege might apply. I remain immensely concerned about the situation in Collie with the Griffin Coal mine and the financial circumstances in which we find ourselves.

The Australian Securities and Investments Commission has a list of creditors to which the Griffin Coal Mining Company is indebted, and there are a couple of very interesting components of that. The first is that ICICI Bank Ltd is listed as having zero debt, mostly because it has transferred that debt to Certane CT Pty Ltd, which is a company based in Melbourne. One of the interesting things about the advertising for Certane on its website is that one of the services it offers is what it calls custody and, to quote from its website, “Protecting investors and safeguarding assets or managed investment schemes.” That does not potentially augur well for the other creditors of Griffin, because Certane CT Pty Ltd, as security, is a creditor to the level of \$1.411 billion for a company that was sold for \$750 million and which is probably worth, I suspect, \$75 million if it is lucky. What has happened is that the debt of ICICI Bank—it is one of the major private banks in India that funded the original purchase of Griffin—has now been transferred to a holding company, which does not augur well for the situation in Collie and the people who work there.

Before I move on to another component of this that also attracts my attention, I suspect that ICICI Bank will at some point have to absorb that \$1.4 billion worth of losses, which is an astounding figure. I have suspected for a long time that the only reason this company has not collapsed in the last five or six years is that ICICI Bank has infused hundreds of millions of dollars to cover the operating losses of the company; otherwise, it would have gone bust a long time ago. When that is finally acknowledged, I will not be surprised to see some vice presidents of that private bank lose their jobs. Perhaps that is what has been keeping the Griffin Coal Mining Company alive for all this time.

I noted that in the list of creditors there is a company called Oceania Resources Pty Ltd, which is listed care of DWCorporate Pty Ltd in Kings Park. It is only a creditor to the point of \$1.253 million, but I found it very interesting. The Australian Securities and Investments Commission obviously keeps some records of companies. Oceania Resources Pty Ltd is listed as a Perth company. There were a couple of interesting components in the most recent annual report that I could get, which is as at March 2020. Its financial position lists a non-current asset of \$US60 million as a convertible loan receivable, and a non-current liability of a bank loan of \$US60 million. When we look at the details in its annual report, what is happening becomes a little more obvious. There is a convertible loan receivable to Griffin Coal of \$US60 million. The loan on the credit books is listed from 2015. The company entered into a term loan with ICICI Bank for up to \$US60 million. This is a company with very limited resources. I might add that its credit rating was downgraded from BBB to B+ last year, so it has gone from effectively junk stock status to significantly under that. This company has borrowed from a bank that was already effectively indebted, until it transferred that debt to the level of \$1.4 billion with another \$US60 million, which was ostensibly sent to Griffin Coal and became a debt to Griffin Coal from Oceania Resources.

The other interesting component of that, because it is simply a transfer of money, is the definition in its annual books around this convertible loan receivable to Griffin Coal. Its annual report says —

In 2015, the Company entered into a facility agreement with The Griffin Coal Mining Company Pty Limited ... for up to \$60 million. Maturity of the convertible loan receivable is on March 22, 2019 ... and it has been extended for 4 months which along with 750 days grace period falls due on August 14, 2021.

That has already been and passed. Interest accrues on a daily basis and it has an applicable margin of 3.5 per cent plus Libor. This is interesting —

Upon the conversion of the facility the percentage of the fully diluted share capital of Griffin to be held by the Company immediately following the conversion structure completion date shall be equal to or greater than 50% as agreed by the Company and Lanco (Griffin’s parent entity).

This company formed a contract with Lanco, the company that bought Griffin Coal and then went broke. Based on its financial statements, it appears that Oceania Resources Pty Ltd might, under contract, be able to claim 50 per cent of the Griffin Coal Mining Company with an investment of \$US60 million. I think that needs to be looked at and explored.

In relation to Oceania Resources, the report says that it has two directors, Dennis William Wilkins and Dev Sindhu, who appears to be a non-resident director. I am interested to see who that person is, because the only link I could

make is that he has something to do with a company in India called Sindhu Trade Links Ltd. Sindhu Trade Links Ltd is a company in India that ultimately lists Oceania Resources Pty Ltd as a subsidiary. In my view, a very mixed-up, murky business deal has been done around Griffin Coal. I am concerned initially that the large amount of debt from ICICI Bank might be passed off and local creditors are going to miss out. Unsecured creditors almost always miss out in these things. It appears that Oceania Resources Pty Ltd has been placed above the major creditor, ICICI Bank, which has transferred its funding to the other holding entity, Certane. Oceania appears to be above that. That looks like a very strange business deal to me. I have been around a lot of business deals. I spent a lot of time working on proposals with Lanco, before it ultimately went under. I find it very difficult to believe that it would be anything in relation to protecting the community of Collie and the many local creditors who are listed here. Unsecured creditors on the list reach a total of a mere \$33 million compared with the \$1.4 billion owed to the banking conglomerate behind this company, but \$33 million is still a significant amount of money to local businesses.

Hopefully, I can alert the Minister for Mines and Petroleum; Energy to this particular situation, and perhaps the government can alert Bill Johnston to my comments tonight. I am significantly concerned about the situation, particularly when I would like to know the bona fides of Ocean Resources Pty Ltd, because I struggle to find some. The only thing I found in relation to the Australian Securities and Investments Commission was an ASIC press release from 3 August 2021 that states —

ASIC prosecutes ten companies for failing to lodge financial reports

...

- **Oceania Resources Pty Ltd** ... was convicted and fined \$7 000 for failing to lodge annual financial reports for between 2015 and 2019 (inclusive);

This is a company with a dodgy historical record. I struggle to find details of its directors, particularly overseas directors. I think that none of these companies could be considered to have the capacity to do anything to help or assist the Griffin Coal Mining Company and I am desperately nervous and frightened for the workers and the community in Collie who might just find themselves in dire straits.