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Mr Charles Goode  
Chairman  
Australian and New Zealand Banking Group Limited  
C/o Company Secretary's Office  
Australian and New Zealand Banking Group Limited  
Level 6, 100 Queen Street  
MELBOURNE VIC 3000

Dear Mr Goode

**2008 ANZ Directorship – Peter Donald's Dishonesty**

As Chairman of the ANZ Board I hereby seek your personal views of why you allow dishonest activities by ANZ Executives that detrimentally impact the ANZ reputation, profit and employees. Your personal response will provide a basis for my 2008 ANZ Directorship Campaign.

The headline for my 2008 ANZ Directorship Campaign is *Eliminate ANZ's Corrupt Culture*.

Peter Donald will be used as the exemplar of a dishonest ANZ executive allowed to operate with impunity under the Corrupt Culture overseen by the ANZ Board. Given that Shane Freeman and John McFarlane have known of Donald's serial dishonesty for over three years and that at the 2007 AGM it was made clear to all that the ANZ Board only apply pure legal standards to any examination of what their Executives do as per the Whistleblower Protection Policy and ANZ Values, I am now going to seriously campaign to highlight ANZ's appalling behavior in this matter.

For you as an ANZ Board member to tolerate such appalling widely known corrupt behavior as displayed by Peter Donald is tantamount to you acting with the same Values that Donald does. As I stated at the AGM, this is not about the law but about ANZ applying ethical and moral values. The Board has openly shown that it has failed to recognize the difference between the "law" and "ethics" by engaging a QC to review my Whistleblower issue.

As an ANZ Board Member I challenge you personally to disprove what I am about to outline.

As you will have gathered key to my legal action against ANZ was the serial dishonesty of Peter Donald. The dishonesty takes two forms. Firstly my position regarding Donald's dishonesty was vindicated under common law which ANZ conveniently settled on "commercial grounds" and secondly the ANZ Values "law" that ANZ profess to work or aspire to.

A significant proportion of Donald's dishonesty is evidenced from my contemporary ANZ work documents. However the vast majority of the evidence that points to Donald's dishonesty is only revealed from carefully checking ANZ's own discovered documents. In the interests of the Board being fully and properly informed of the depth of dishonesty allowed to exist within ANZ and how a Corrupt Culture may invariable support such abhorrent behaviour, I offer the following events as examples.

All events described are verifiable from ANZ's own contemporary documents.

Let me state from the outset I do not label people as dishonest lightly. I have never worked in such a perverse culture that allows people of Donald's ilk to not only survive but flourish.

You may ask why I am so concerned about Donald's behaviour.

Let's set the scene. In 2000 and 2001 I worked very diligently and faithfully for ANZ and Donald to deliver the CAS Project that was labeled "heroic" and "unrealistic". **Attachment A. KPMG - ANZ CAS PeopleSoft Implementation Review Report – 25 January 2001** In late 2001 through to 2003 I worked on the Training sub-project within Viking. I delivered better than the stretch targets including a windfall \$5m FBT gain. During this entire period Donald lied and was generally actively deceitful and dishonest in his dealings with me. This was particularly so as it related to recognizing and rewarding my superior work performance. Now before you scoff at this subjective assessment of my work performance let's examine the subjective evidence available.

In January 2001 KPMG undertook an examination of the CAS project and in particular my two teams work plans. The KPMG Review was circulated to the EGM. KPMG's assessment of my two plans were that they were "heroic" and "unrealistic".

In July 2002 a CAS Post Implementation Review was undertaken by independent consultants. The Review published in September 2002 found "The CAS implementation team should be commended for the achievement of its three primary goals". See **Attachment B. Grosvenor – ANZ Bank - CAS Post Implementation Review September 2002**. The Review went further and stated "CAS has not yet delivered the expected business benefits..."

On 21 August 2001 after Sue Pelka and Peter Donald had spilled my and others substantive positions I wrote to Donald advising of my disgust at events that included repetitive lying by Pelka and Donald. Importantly I warned Donald that the overall strategy for SS and particularly Accounting Operations going forward. The loss of continuity in people in implementing CAS and then reaping its benefits was in jeopardy. The September 2002 Post Implementation Review highlighted the failure of the business benefits to be reaped. The spill and fill was a serious management mistake that Sue Pelka and Peter Donald should take full responsibility for. See **Attachment C – Email from Reeves to Donald dated 21 August 2001** for the warning I issued and the comments on Pelka's dishonesty and behavior generally.

I received not one bit of recognition by Donald for my CAS efforts despite leading the very successful implementation team.

I was refused access to the published CAS Post Implementation Review by Donald despite repeatedly formally requesting a copy of the PIR for almost twelve months.

During this same period, Sue Pelka who worked directly for Donald, targeted me in a manner that was described by ANZ's own QC, Michael McDonald, as "hatred". See **Attachment D – Gary Eden – Independent Witness Statement 2006** for an independent view of what I endured while working for Sue Pelka and later Peter Donald.

During 2001 and again in 2002 Donald as the senior executive I worked under was the person I turned to for help when I was concerned I was being badly treated by Sue Pelka. Peter Donald in his responsible role as the senior officer responsible for Pelka and me did nothing to stop Pelka's continual vitriol toward me.

At the time I did not know that Donald had aligned himself with Pelka so it became apparent that whatever I did to raise my very genuine concerns Donald did nothing.

In short Peter Donald betrayed the trusted role he was in as an ANZ Executive He was dishonest and he did not work to ANZ Values.

Remember Donald was regularly in receipt of emails from Pelka any one of which contained such serious allegations about my alleged behavior that the matter should have been formally and properly investigated.

The record will show Donald never raised the contents of any of Pelka's emails with me. Either Donald considered the contents of the emails as vexatious and having no substance, or considered their content should be withheld from me. Whichever reason Donald was wrong for not acting.

Whatever Donald's thinking was he failed to take action in a timely manner against me as alleged perpetrator of the deeds Pelka accused me of, or against Pelka who was attempting to destroy my reputation. Remembering even Freehills Senior Counsel described Pelka's behavior toward me as one of hatred.

While all this was going on I was delivering my assigned tasks for the ANZ and its Shareholders.

In response to my repeated concerns during 2001 and 2002 about Pelka, Donald stated on a number of occasions that the event complained of was merely a "he said she said" situation or a "difference of opinion". Donald went further when I was attempting to placate the relationship with Pelka by providing Donald with facts as to Pelka's wrongdoings by him indicating to me that "mud sticks".

What I did not know of at the time was that Donald had many emails from Pelka that were defamatory and grossly untrue. Donald had also participated in many behind the scenes events that were aimed at getting me out of the ANZ. Peter Donald repeatedly lied while undertaking this process. A number of these events are outlined below.

I took it that no matter what I said or did to defend myself against Pelka, Donald did nothing. It has now become abundantly clear that Donald was supporting Pelka no matter what she did. Why? Because Donald also wanted to get rid of me. Why? Because I had exposed Donald for what he was - dishonest to the core.

Let me list a number of events where Donald engaged in deceptive practices;

- a. **November 2000** - My initial engagement from a contractor to a full time employee - Donald had no intention of employing me once my CAS role was completed. This was a mechanism to gain a "cheap" CAS project solution. Donald was dishonest.
- b. **April 2001 to August 2002** - Donald Allowed Pelka to issue her unchallenged defamatory emails. Donald failed to act to either make her desist or address the issues raised with me. Either way Donald was dishonest.
- c. **April 2001 to June 2001** - Donald reviewed the 2001/2002 Strategic Sourcing Budget which clearly showed I was being made redundant at the end of August 2001 which coincided with my seconded role on the CAS Project ceasing. This was contrary to my and everyone's understanding of my employment arrangement. The question must be asked why would I sign on from a contractor to a full time employee if it was for only nine months work. Clearly I joined the ANZ as a full time employee with a view to being employed for a significantly longer time than nine months. The process of having this budget compiled by my peer also led to a destructive work environment. [See next item] Donald was dishonest in orchestrating the behind the scenes retrenchment.
- d. **April 2001 to June 2001** - Donald allowed the 2001/2002 to be compiled by the backfilled contractor [fixed term employee] and to be reviewed by my peers where it was clear I was targeted for retrenchment. The sharing of this information with my peers had the effect of them knowing I was targeted to leave by Pelka and Donald and thereby giving rise to a very awkward work environment. I therefore had absolutely no peer support on anything I did within Strategic Sourcing. Donald created and fostered this dishonest work environment.
- e. **August 2001** - Donald repeatedly assured me I was not included in the reorganization of my substantive department which gave rise to a Spill and Fill because I would have a conflict of interest. When I raised the fact I understood David Colliver [backfilled contractor] was included in

deliberations, Donald assured me that Colliver [Colliver who worked directly for Pelka, was the author of the 2001/2002 Strategic Sourcing Budget which had me being made redundant in August 2001 – see Item c. above] was not included. Meeting minutes clearly showed Colliver and Pelka in attendance at two reorganization meetings. Donald once again was dishonest.

- f. **August 2001** – Donald allowed Pelka to run a sham Spill and Fill process designed to displace me. This fulfilled the earlier Colliver/Pelka/Donald plans [outlined in Item c. above]. Donald was dishonest by allowing this process to occur to the detriment of reaping the CAS benefits [ See Item i. below] for the ANZ. When I failed to secure a position against Colliver [I withdrew my application when Donald told me of Colliver's success considering the process was a sham] I advised Donald he had been dishonest from the outset and that I did not join ANZ for mere nine months tenure. I also pointed out significant work existed on the Viking Project where contractors were being engaged. In response Donald offered me a Viking Project Manager role along with an enhanced redundancy package if I chose to leave. If the spill was genuine why would Donald offer such a package or even another role when pressed? Clearly Donald was dishonest in a number of ways related to the Spill and Fill. These included toward me and the ANZ more broadly where Donald caused CAS to fail to deliver the benefits as planned. For the failure of CAS caused by Donald see the CAS July 2002 PIR.
- g. **August 2001** – Donald performance assessment for the period to March 2001 was insulting. It was appallingly late [August not March 2001] and grossly under-rated what I had contributed to the ANZ. It was on record I had just delivered the only CAS Project Component to be on time and on budget. The plan for this CAS component had been independently assessed in January 2001 as being “heroic” and “unrealistic”. I had delivered. I also very successful undertook two full time roles from November 2000 to end February 2001 until Colliver was engaged to backfill my substantive position. Donald refused to include these two key and objectively measured points in my assessment. Donald later had a post implementation review of CAS that recommended that the CAS component I led be commended. See Item i. below. This commendation never happened. Donald was clearly dishonest in his assessment.
- h. **March 2002 and September 2002** – Donald deceitfully downgraded my performance assessment. I am on record as being perplexed that the base bonus I received did not align with the high performance rating score received. I found out the score People Capital were given by Donald was a full two levels lower than what Donald had agreed with me. Donald falsified my employment records. All the documented evidence of these events was provided to Rob Jenkins of People Capital and later to Shane Freeman. No reply was ever received as I was retrenched by Donald. Donald. This event is the subject to Section B of the External Auditor Folder given to the Chairman at the 2007 AGM in Perth. Donald was again proven to be dishonest. [This Episode is described in full in Section B – External Auditors Folder provided to the Chairman after the 2007 AGM.]
- i. **May 2002** – Donald issues a sham First and Final Warning on me for inappropriate behavior. It transpired during the discovery process that Donald had no notes whatsoever on my so called inappropriate behavior. After I made a Formal Complaint in July 2002 about Donald People Capital investigated the matter and concluded in November 2002 the FFW should never have been issued. Donald abused his position and was dishonest by issuing such a vexatious and intimidating warning.
- j. **July 2002** - Donald commissioned a CAS Post Implementation Review. I provided input to the independent consultants undertaking the PIR. I later repeatedly requested from Donald a copy of the PIR given I led the CAS component that was being reviewed. Despite repeated written requests for a copy of the PIR I was never allowed to see the PIR. Discovery subsequently provided me a copy. Two key elements in the PIR were cause for me not to be provided a copy by Donald. Firstly the commendation for achieving the remarkable CAS outcome as recommended

was never given to me [see item e. above] and secondly the PIR noted a loss of momentum in achieving the original benefits from installing CAS was lost on the then present management. In August 2001 I wrote to Donald warning him of taking me out of the Accounting Operations role as part of the Spill and Fill, as I had been the architect of the CAS benefits as early as mid 2000. All this is on record. The premature removal of me from the Accounting Operations area cost the ANZ dearly and Donald was warned of this. Donald's mismanagement of this aspect of CAS undoubtedly went unreported. This PIR "censorship" by Donald highlighted his dishonesty toward me and dishonesty toward the ANZ more generally.

- k. **January 2003** – Donald changes the substance of the Formal Complaint agreed remedy as recommended by Rob Jenkins the People Capital Investigator. Donald's substantive changes made nonsense of the agreed remedy whereby it was agreed at mediation in November 2002 that the First and Final Warning should never have been issued. Further it was clear Shane Freeman, the recipient of the Formal Complaint in July 2002 never properly supervised the outcome of this very serious Formal Complaint against a senior ANZ Executive. By Freeman allowing Donald to invoke his own remedy makes the outcome of a Formal Complaint against him a sham. Freeman needs to be held accountable for this debacle but Donald should be dismissed for knowingly with malice interfering with the substance of a key Employee Safety mechanism. Donald's actions in altering the investigator's recommended outcome proved him to be totally without moral substance. Donald was clearly dishonest by making such changes. [This Episode is described in full in Section C – External Auditors Folder provided to the Chairman after the 2007 AGM.]
- l. **July 2005** – As part of the formal legal process the Federal Court ordered a formal mediation. I attended the mediation along with my lawyer. ANZ were represented by a Freehills lawyer and Peter Donald. By having Donald represent ANZ was a clear conflict of interest on behalf of ANZ and a waste of time and money by everyone involved. Donald was able to use ANZ's deep pockets to defend the indefensible. I subsequently raised this incident with John McFarlane who indicated that Tim L'Estrange was responsible for the case. Donald being the sole representative of ANZ was a travesty and again highlighted the Corrupt Culture endemic to ANZ. And for Freehills to have allowed such a situation to occur calls into question their ability in the whole case. This incident highlighted Donald's ability to place himself into a key role so as to thwart any sensible mediated outcome that would reflect badly on him. Needless to say the mediation produced nothing. For Donald to have participated as he did in this mediation highlighted his professional dishonesty and ANZ's irresponsible and deeply engrained Corrupt Culture.

Robert Wilks, the clinical psychologist engaged by Rob Jenkins of People Capital indicated to me that all Donald wanted to do was "get rid of" me. Wilks was engaged as an independent non-legal person to assist Jenkins sort out what was a very difficult and at times seemingly, unreal situation. Further I was keen to have an independent sounding board to balance any unfounded concerns I may be inappropriately raising. It transpired after discovery that my grave concerns about Donald's dishonesty were well founded and in fact reinforced.

In Wilks's view, Donald did not care how good my work was, all he wanted was for me to leave the ANZ. Why – because I did my job too well.

I challenge you as a Board to properly and fully investigate Donald. I have on number of occasions been threatened with defamation by ANZ. These threats are hollow and appear to be an attempt to further bully me to stop telling the truth.

I will be going public with the facts and if you as an individual ANZ Board member do not support my position by properly investigating the incidents I raise and do nothing about such ethical travesties, I take it that you stand by Donald and therefore wish to further the ANZ's Corrupt Culture. Remember by you allowing such dishonesty to thrive provides a clear signal to all within ANZ that dishonesty is tolerated and apparently exalted.

I suggest also that the mechanism you used to investigate the Whistleblower issue in my letter dated 24<sup>th</sup> October 2007 was a sham. You will recall the Chairman outlined your efforts at the 2007 AGM. Apparently you agreed as a Board member to allow a review using a QC. Firstly you erred by using a QC as the core of the Whistleblower issue was not legal but ethical. Secondly the QC did not contact the author or external parties named in the Whistleblower Statement. And nobody contacted me. It is apparent only serving ANZ staff were interviewed – maybe they have a clear self interest in protecting themselves? And thirdly if the QC was that used in the legal case – Michael McDonald - he proved during that process to be only interested in protecting ANZ “legal” position – ethical issues were not even on his agenda. What makes you believe McDonald could do a better job second time around?

So I make the claim that you as an ANZ Board member got the decision to use a QC very wrong and you should take responsibility. Or was this just a continuation of ANZ’s Corrupt Culture being played out at Board level?

The challenge to change this reality is yours.

If you wish to take on the challenge I may be contacted on 0417 308 151 to assist anyone you appoint that are appropriately skilled in what essentially is an internal forensic process.

We have all paid a high price in this matter but we need to understand that we may learn from the events to hand. ANZ needs to walk the talk on Values and overcome the key elements that cause me to label it as having a Corrupt Culture.

I look forward to your personal response.

Yours sincerely

Robert J Reeves

**Copies:** To all other ANZ Board Members

**Attachment A. KPMG - ANZ CAS PeopleSoft Implementation Review Report – 25 January 2001** - Author Kent Julius. See Page 9 for Accounts Payable/Procurement [PO] and Fixed Assets [AM] “heroic” and “unrealistic” comment.

**Attachment B Grosvenor – ANZ Bank - CAS Post Implementation Review September 2002** – Key points are Page 3 – “The CAS implementation team should be commended for the achievement of its three primary goals”.

**Attachment C – Email from Reeves to Donald dated 21 August 2001** – Reeves highlights concerns over Pelka’s behavior and negative impacts flowing from unwarranted “Spill and Fill” post CAS.

**Attachment D – Gary Eden – Independent Witness Statement 2006.** Eden was the ANZ client manager at United Group Ltd and observed Pelka’s behavior toward me firsthand. Eden was also named in the Whistleblower Statement.