

28 April 2017

Level 27, 259 George St
Sydney NSW 2000

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Sydney NSW 2001

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TO THE CREDITORS

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
("THE COMPANY")**

NOTICE OF APPOINTMENT OF JOINT AND SEVERAL ADMINISTRATOR AND FIRST MEETING OF CREDITORS

APPOINTMENT PARTICULARS

I, Trent Andrew Devine, was appointed as Joint and Several Administrator of the Company jointly with Sule Arnautovic on 26 April 2017.

MEETING OF CREDITORS

Formal notice is hereby given to creditors that the first meeting of the creditors of the Company will be held pursuant to Section 436E of the *Corporations Act 2001* ("CA"). The details of the meeting are as follows: -

MEETING DATE	TUESDAY, 9 MAY 2017
MEETING TIME	12:00 PM (LOCAL TIME)
MEETING LOCATION	CLIFTONS BRISBANE LEVEL 2, 288 EDWARD STREET BRISBANE QLD 4000

The purpose of the first meeting of creditors is to explain to creditors the financial position of the Company and its future prospects. Other matters to be discussed at the meeting are disclosed in the attached formal notice of meeting.

ATTACHMENTS TO REPORT

I advise that this report to creditors should be read in conjunction with the following documents, which are attached to the report for your reference: -

1. Form 529A - Formal notice of meeting;
2. Declaration of Independence, Relevant Relationships, Prior Engagements and Indemnities;
3. Form 532 - Appointment of Proxy form;
4. Form 535 - Formal Proof of Debt/Claim form for all secured and unsecured creditors;
5. Remuneration Report - Initial Advice to Creditors; and
6. Information sheet produced by the Australian Securities & Investments Commission ("ASIC") titled Insolvency Information for Directors, Employees, Creditors and Shareholders.

JIRSCH SUTHERLAND

Jirsch Sutherland is a specialist Insolvency, Turnaround Management and Forensic Accounting services firm with offices located in New South Wales, Victoria, Queensland and Western Australia.

For a detailed firm profile please visit: www.jirschsutherland.com.au.

PROXY FORM INSTRUCTIONS (FORM 532)

I advise that an individual creditor such as a sole trader or employee creditor may vote at the scheduled meeting of creditors either in person or in their absence by appointing a proxy.

Corporations/Companies may only vote by utilising a valid appointment of proxy or have a duly authorised Company representative attend the forthcoming meeting and provide written evidence of their authority to vote on behalf of their Corporation/Company pursuant to Section 250D of the CA.

Proxies used at the forthcoming meeting of creditors will not be valid for future meetings of creditors. Generally, unless otherwise specified, proxies used at meetings of creditors will only be valid for future meetings of creditors in the case that the future meetings of creditors are being held as a result of an adjourned meeting of creditors.

Creditors are formally advised that pursuant to *Corporations Regulation 5.6.36* all Form 532 - Appointment of Proxy (including any appointment of authorised representative documentation) should be returned to this office by no later than 12:00pm (local time) on Monday, 8 May 2017.

FORMAL PROOF OF DEBT/CLAIM FORM INSTRUCTIONS (FORM 535)

Formal proofs of debt or claim forms lodged by creditors at the forthcoming meeting of creditors will be valid for all future creditors' meetings, that is, creditors need not lodge a further proof of debt or claim form at future creditors' meetings unless their claim has been amended.

Creditors should note that proofs of debt lodged at meetings of creditors are only admitted for voting purposes. Any dividend that is declared will only be paid following a separate formal adjudication of the relevant proofs of debt or claim forms lodged by creditors.

SUPPLY OF GOODS AND SERVICES TO THE COMPANY




I advise that I am currently assessing the financial position of the Company to determine its ongoing viability. At this stage, I advise that I intend to continue to trade the business of the Company, whilst this assessment occurs as the continued trading of the business is considered to be in the best interests of all interested parties.

In this regard, I request your assistance in implementing the steps outlined below:

1. Close all credit trading accounts in the name of the Company as at the date of appointment; and
2. Open a new account in respect of the Company, which should be styled "Bloomer Constructions (QLD) Pty Ltd" with all statements to be forwarded to this office at Level 27, 259 George Street, SYDNEY NSW 2000.

In this regard, I advise that the goods or services that I order are regarded as a priority cost of the VA and will be paid on normal credit terms. Pursuant to Section 443 of the CA, as Joint and Several Administrator of the Company I am personally liable to pay all debts incurred for which I have authorised on behalf of the Company.

During the period of the Administration, the Company can only purchase goods and services with written orders authorised by the Joint and Several Administrator or nominated members of my staff. Accordingly, Goods and Services should only be supplied on the authority of written purchase orders from this office signed by the Joint and Several Administrator or by members of my staff whose names and signatures appear below:

Name	Signature
TRENT ANDREW DEVINE	
SULE ARNAUTOVIC	
OTIM OLUK	

EXISTING CREDITOR CONTRACTS/LEASES

If you are party to a lease, hire purchase, loan agreement or any other agreement with the Company, I request that you immediately contact this office and provide details of your agreements.

Subject to written notice to the contrary, I specifically refrain from adopting any of the pre-appointment contracts, agreements and leases of the Company. I will review the viability of all pre-appointment contracts, agreements and leases in due course. In the meantime, please do not construe that I have adopted any pre-appointment contracts, agreements and leases if payment is made to you by the Company for the current usage of your goods or services.

SECURITY INTERESTS IN GOODS/ASSETS HELD BY THE COMPANY

Any creditors who claim to have supplied the Company with goods on consignment or who hold a purchase money security interest ("PMSI") over goods/assets held by the Company, must immediately contact this office by telephone and confirm the particulars of their security interest/claim. Creditors must also make a formal written claim on the Joint and Several Administrator in this regard by forwarding the following information immediately to this office: -

1. A copy of your statement of account as at the date of appointment; and
2. Copies of all outstanding invoices as detailed in your statement of account;
3. Detailed particulars of the goods/assets claimed; and
4. A copy of your supplier/credit agreement, consignment agreement, and details of your PMSI registered in accordance with the Personal Property Securities Act 2009 ("PPSA").

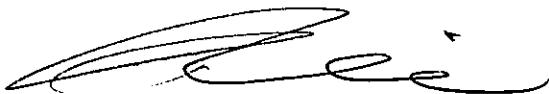
Creditors should then arrange for a representative of their business to make an appointment with this office to attend the premises of the Company to identify the relevant goods/assets which creditors believe may be the subject of their security interest/claim. In this regard, I advise that Pursuant to Section 440B of the CA, with the exception of perishable goods, those creditors seeking to enforce a retention of title claim over goods provided to the Company prior to appointment are precluded from recovering the goods for the period of the Administration without obtaining the written consent of the Joint and Several Administrator or alternatively, leave of the Court.

DISCLAIMER

This notice and report has been prepared from investigations to date, which have relied upon the available books and records of the Company, together with the advice and information provided by officers of the Company. Due to the time constraints imposed by the CA, this information has generally been accepted without conducting an independent audit or obtaining independent verification of its accuracy.

Should you require any further information in this regard, please contact Vincent Wang of this office on (02) 9236 8333.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Trent Andrew Devine', with a stylized flourish at the end.

**TRENT ANDREW DEVINE
JOINT AND SEVERAL ADMINISTRATOR**

28 April 2017

FORM 529A

Corporations Act 2001
Regulation 5.6.12(6)

**NOTICE OF FIRST MEETING OF CREDITORS OF COMPANY
UNDER ADMINISTRATION**

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
("THE COMPANY")**

On 26 April 2017 the Company pursuant to section 436A of the *Corporations Act 2001* ("CA"), appointed Trent Andrew Devine and Sule Arnautovic of Jirsch Sutherland as the Joint and Several Administrators of the Company.

NOTICE OF MEETING

Notice is hereby given to creditors that the first meeting of the creditors of the Company will be held pursuant to Section 436E of the CA. The details of the meeting are as follows: -

MEETING DATE	TUESDAY, 9 MAY 2017
MEETING TIME	12:00 PM (LOCAL TIME)
MEETING LOCATION	CLIFTONS BRISBANE LEVEL 2, 288 EDWARD STREET BRISBANE QLD 4000
PROOFS AND PROXIES TO BE SUBMITTED BY	Creditors wishing to attend the meeting are advised that proofs and proxies should be submitted to the Joint and Several Administrators by 12:00PM (local time) on Monday, 8 May 2017.

PURPOSE OF MEETING

The purpose of the meeting is to determine:

- (a) whether to appoint a committee of creditors; and
- (b) if so, who are to be the committee's members.

OTHER AGENDA ITEMS

At the meeting, creditors may also by resolution:

- (a) remove the Joint and Several Administrators from office; and
- (b) appoint someone else as Joint and Several Administrators of the company.

Should you have any questions in relation to this matter, or require any further information, please contact Vincent Wang or Emily Guan on (02) 9236 8333.

Yours faithfully,


TRENT ANDREW DEVINE
JOINT AND SEVERAL ADMINISTRATOR

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES
("DIRRI")**

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
(THE "COMPANY")**

BACKGROUND

This disclosure document is required as Practitioners appointed to an insolvent Company need to make declarations as to:

- A. their independence generally;
- B. relationships, including:
 - i the circumstances of the appointment;
 - ii any relationships with the Company and relevant others within the previous 24 months;
 - iii any prior professional services provided to the Company within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner(s).

This declaration is made in respect of us, our partners, and Jirsch Sutherland.

Please note that Jirsch Sutherland trades as WA Insolvency Solutions in Western Australia. Further, Jirsch Sutherland also owns two (2) trading domain names called www.mytaxdebt.com.au and www.corporateguardian.com.au

This Declaration is being made in accordance with Sections 436DA and 60(1) of the *Corporations Act 2001* and Sections 6.4, 6.17.1 and 22.1 of the Australian Restructuring Insolvency & Turnaround Association ("ARITA") Code of Practice.

A. INDEPENDENCE

We, Trent Andrew Devine and Sule Arnautovic of Jirsch Sutherland, have undertaken a proper assessment of the risks to our independence prior to accepting our appointment as Joint and Several Administrators of the Company.

Subject to what is disclosed in this DIRRI, this assessment identified no real potential risks to our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

We have directed a practice wide conflict search to be undertaken and we have not been advised by any partner or staff member of Jirsch Sutherland of any prohibitive existing or prior relationship with the Company.

B. DECLARATION OF RELEVANT RELATIONSHIPS

i. Circumstances of appointment and referral source

We advise that on or around 13 February 2017, the Company was referred to Jirsch Sutherland by Mr Robert Berry of Atlas Gantt on behalf of Subbies United (not the Company directly). Neither Mr Berry nor Atlas Gantt have referred work to Jirsch Sutherland previously and accordingly, Jirsch Sutherland is not or has ever been financially reliant on Mr Berry or Atlas Gantt for work referrals, in terms of number of value.

On or around 13 February 2017, Mr Berry contacted Mr Trent Devine of Jirsch Sutherland to discuss the Company's affairs as he believed that the Company was in financial difficulty. Mr Berry enquired whether Mr Devine would be willing, if required, to consent to act as an external administrator to the Company. Mr Devine confirmed that he would be prepared to consent to be appointed as an external administrator, if appointed either by the Company's Director/ Shareholders/ creditors as required.

On 14 February 2017, Mr Berry met with Mr Christopher Baskerville of Jirsch Sutherland at the offices of Jirsch Sutherland, Brisbane. Mr Berry and Mr Baskerville discussed the Company's financial position, as understood by Mr Berry.

On 29 March 2017, Mr Berry contacted Mr Devine in relation to the Company to again enquire whether he and his partners would consent to be appointed external administrators. Mr Devine advised that he was but that neither he nor Jirsch Sutherland had any discussions with the Company's Directors.

After 29 March 2017, Mr Devine and Mr Berry had numerous discussions in relation to the possibility of Mr Devine and one of his partners being appointed as Voluntary Administrators, if the Company's Directors wished them to do so. It was agreed that, provided the Company's Director was happy to do so, a meeting would take place with Mr Devine/ Jirsch Sutherland and the Company's Director.

On or around 6 April 2017, Mr Arnautovic received a phone call from Mr Oliver Schweizer of 22Capital wishing to introduce him to Mr Lachlan McIntosh. In the period 6 April 2017 to the date of our appointment, Mr Arnautovic had numerous phone discussions and exchanged email correspondence with both Mr McIntosh and Mr Schweizer in relation to the Company's affairs.

On 26 April 2017, we both met the Company's sole Director (Mr Wayne Bloomer), Mr Lachlan McIntosh, a former Director of the Company and Current Director of the Company's shareholder Onterran Ltd, and various employees of the Company at the Company's premises at Capalaba QLD.

The purpose of the above meeting held on 26 April 2017 and the pre-appointment discussions/correspondence/ meetings/work was to discuss:

- Discuss the Company's background;
- The financial position of the Company;
- The Company's key creditors and amounts owed to them;
- The Company's current status with the Queensland Building and Construction Commission ("QBCC");
- The Company's trading/employing status;
- The Company's premises arrangements;
- The Company's website;
- The Company's asset position, in particular debts owed to the Company and maintenance/work in progress;
- The Company's tangible assets and assets subject to lease/ finance;
- Real Property owned by the Company;
- Deeds of guarantee/Deed of covenant between the Company, its Directors, its Shareholder and QBCC;
- The Company's status with its banker the National Australia Bank Ltd and the bank's exposure;
- The Company's outstanding employee entitlements and unpaid superannuation position;
- The Company's secured liabilities position;
- The Company's unsecured liabilities position;
- The Company's tax position;
- A winding up petition issued by the Company, due to be heard on 5 May 2017;
- To discuss any Deed of Company Arrangement ("DOCA") that could be proposed by Onterran Ltd or others;
- The likely bankruptcy or personal insolvency of the current director of the Company;

- To obtain sufficient information on the Company to advise on the solvency of the Company;
- To clarify and explain to the Director of the Company the various options available and the nature and consequences of an insolvency appointment; and
- For us to provide our consent to act in this regard.

We confirm that neither we nor Jirsch Sutherland have charged for or received any payment with regard to the above-mentioned pre-appointment meetings, work and/or discussions.

We believe that the above pre-appointment work, does not result in a conflict to our appointment as Joint and Several Administrators of the Company as:

- We are not prohibited by law or by the ARITA code from accepting the appointment. The Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment. Further, the nature of the advice provided is such that it would not be subject to review and challenge during the course of the matter.
- We are independent. The advice provided prior to our appointment will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the work to be carried out on the matter in an objective and impartial manner.
- It is our view that a reasonable and informed third party would, based on the information available to us at the time, not form the view that a conflict arose.

We have provided no other advice to the Company and its Directors prior to our appointment beyond that outlined in this DIRRI.

Prior to our appointment, we were provided with a copy of the current Director's driver's licence for the purposes of identification of the current Director of the Company.

Finally, we confirm that we advised the Director of the Company to seek independent professional advice as to his own personal position as a result of the Administration of the Company.

ii. Relevant Relationships

Other than what is disclosed at "*Circumstances of appointment and referral source*" above, within the preceding 24 months of our appointment the following professional and/or personal relationships between Jirsch Sutherland and the Company existed:

Whom	Nature of relationship	Reason why not an impediment or conflict
Company	Neither we nor Jirsch Sutherland have ever formally acted for the Company prior to our appointment as Joint & Several Administrators of the Company on 26 April 2017.	There have been no previous business dealings with the Company.

<p>Current Officeholder</p> <p>Wayne Norman Bloomer (05.10.1995 to 08.10.2002 and 05.02.2004 to date)</p> <p>Previous Officeholders</p> <p>Lachlan Stuart McIntosh (01.03.2015 to 29.03.2017)</p> <p>Robert Paul Eadie (08.10.2002 to 05.02.2004)</p> <p>Pauline Bloomer (05.10.1995 to 29.10.1999)</p> <p>Bruce Charles Pepper (05.10.1995 to 05.10.1995)</p> <p>Pamela Therese Pepper (05.10.1995 to 05.10.1995)</p>	<p>Neither we nor Jirsch Sutherland have ever formally acted for any of the current or former officeholders of the Company.</p>	<p>There have been no previous business dealings with any of the current or former officeholders of the Company.</p>
<p>Current Shareholder</p> <p>Onterran Ltd</p> <p>Previous Shareholders</p> <p>Kurrewa Holdings Pty Ltd Wayne Norman Bloomer Pauline Bloomer</p>	<p>Neither we nor Jirsch Sutherland have ever formally acted for any of the current or former shareholders of the Company.</p>	<p>There have been no previous business dealings with any of the current or former shareholders of the Company.</p>
<p>Current Security Interest Holders</p> <p><u>All PAP, No Exceptions</u></p> <p>National Australia Bank Ltd ("NAB")</p> <p>Gemlava Pty Ltd</p> <p>Soul Innovations Pty Ltd</p> <p>Snowdonia Air-conditioning Pty Ltd</p> <p>Side by Side Scaffolding and Rigging Services (Aus) Pty Ltd Stoddart Group Pty Ltd/Stoddart (S.E Queensland Pty Ltd/Stoddart (NSW) Pty Ltd</p> <p><u>General Intangible</u></p> <p>GPS Invest Select Fund/GPS Pooled Fund</p> <p>Mazewell Pty Ltd</p> <p><u>Motor Vehicle</u></p> <p>Coates Hire Operations Pty Ltd</p> <p>Force Corp Pty Ltd</p> <p>Tru Blue Hire Australia Pty Ltd</p> <p>Energy Power Systems Australia Pty Ltd</p> <p>Russel Heale</p>	<p>Both we and Jirsch Sutherland have had business dealings with many of the noted Security Interest Holders. These business dealings have predominantly been in relation to other insolvency appointments taken by us and/or Jirsch Sutherland.</p> <p>We, or partners and Jirsch Sutherland have had prior dealings with NAB and likely most if not all of the creditors of the Company's secured creditors in their capacity as creditors of entities and individuals to which we have been appointed.</p> <p>Neither us, our partners nor Jirsch Sutherland have ever formally acted for these secured creditors.</p>	<p>None of our business dealings with the noted Security Interest Holders have been in relation to the Company, its current/former directors or its current/former shareholders.</p>

<p>GCS Personnel Services Pty Ltd/Safe and Sound Scaffolding Pty Ltd/GCS Facades Pty Ltd</p> <p>Rentmax Pty Ltd</p> <p>Kennards Hire Pty Ltd</p> <p>River Rd Hire Pty Ltd</p> <p>HI-Reach Rentals (Australia) Pty Ltd</p> <p>Action Access Hire Pty Ltd</p> <p>ETC Hire Pty Ltd</p> <p><u>Other Goods</u></p> <p>Waco Kwikform Ltd</p> <p>Coates Hire Operations Pty Ltd</p> <p>ACO Polycrete Pty Ltd</p> <p>Go Electrical Pty Ltd</p> <p>Kennards Hire Pty Ltd</p> <p>Aluminium Specialities Group Pty Ltd</p> <p>Charles Porter and Sons Propriety Ltd</p> <p>Hume Doors & Timber (QLD) Pty Ltd</p> <p>Stoddart Group Pty Ltd/Stoddart(S.E Queensland) Pty Ltd/ Stoddart (NSW) Pty Ltd</p> <p>Waco Kwikform Ltd</p> <p>Big River Group Pty Ltd</p> <p>Uni-Span Height Safety Pty Ltd</p> <p>Bradnam's Windows and Doors Pty Ltd</p> <p>Trend Windows & Doors Pty Ltd</p> <p>Papard Pty Ltd</p> <p>Aussie Hire Pty Ltd</p> <p>Acrow Formwork and Scaffolding Pty Ltd</p> <p>Force Corp Pty Ltd</p> <p>Royal Wolf Trading Australia Pty Ltd</p> <p>Ausco Modular Pty Ltd</p> <p>Modinex Products Pty Ltd</p> <p>Global Cranes Pty Ltd</p> <p>Freo Group Ltd</p> <p>Chromagen Pty Ltd</p> <p>Arrium Ltd/Onesteel Trading Pty Ltd/Onesteel Reinforcing Pty Ltd</p> <p>CRA Internal Linings Pty Ltd</p> <p>Gill & Co Pty Ltd/Gill & Co (Cleveland) Pty Ltd</p> <p>Cairns Hardware Company Pty Ltd</p> <p>Reward Supply Co Pty Ltd</p> <p>MTU Detroit Diesel Australia Pty Ltd</p> <p>Redstar Equipment Pty Ltd/Onsite Rental Group Operations Pty Ltd</p> <p>BOC Ltd</p> <p>Duluxgroup (Australia Pty Ltd)</p> <p>Harsco Infrastructure (Gladstone) Pty Ltd</p> <p>Clifton Brick Manufacturers Pty Ltd/J Hallett & Son Pty Ltd/Nubrick (NRT) Pty Ltd</p> <p>Tru Blue Hire Australia Pty Ltd</p> <p>NSA Roofing Pty Ltd</p> <p>B&D Australia Pty Ltd</p> <p>Atco Structures & Logistics Pty Ltd</p> <p>Energy Power Systems Australia Pty Ltd</p> <p>Gunnensen Pty Ltd</p> <p>Russel Heale</p> <p>Stratco (QLD) Pty Ltd</p> <p>GCS Personnel Services Pty Ltd/Safe and Sound Scaffolding Pty Ltd/GCS Facades Pty Ltd</p> <p>The Good Guys Discount Warehouses (Australia) Pty Ltd</p> <p>Redland Bay Roof Trusses Pty Ltd</p> <p>Central Plumbing Supplies Pty Ltd</p> <p>McHugh Steel Pty Ltd</p> <p>Mesh & Bar Pty Ltd</p> <p>Master Carpet Company (QLD) Pty Ltd</p> <p>Coventry Group Pty Ltd</p> <p>Hardings Hardware Pty Ltd</p>		
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Bradnam's Windows and Doors Pty Ltd Stramit Corporation Pty Ltd Rentmax Pty Ltd CSR Building Products Pty Ltd Ezi Roll Doors Australia Pty Ltd Corinthian Industries (Australia) Pty Ltd/Stegbar Pty Ltd/Aneeta Window Systems (Vic) Pty Ltd Hilti (Aust) Pty Ltd Pivot Australia Pty Ltd Tradelink Pty Ltd The Australian Steel Company (Operations) Pty Ltd Acrow Formwork and Scaffolding Pty Ltd AFS Systems Pty Ltd Bluescope Distribution Pty Ltd Newnham Scaffolding Pty Ltd Holcim (Australia) Pty Ltd Excel Concrete Pty Ltd Retracom Hire Pty Ltd G James Australia Pty Ltd Dynaton Sales and Hire Pty Ltd Kennards Hire Pty Ltd Samios Plumbing Pty Ltd Master Hire Pty Ltd Metro Steel Pty Ltd Pivot Australia Pty Ltd Tradelink Pty Ltd Bris Aluminium Pty Ltd Longwaves Pty Ltd Flooring Queensland Pty Ltd River Rd Hire Pty Ltd Q-Press Trading Pty Ltd R J Beaumont & Co Pty Ltd/ Crosby Tiles Pty Ltd/Beaumont Tiles Pty Ltd Hi-Reach Rentals (Australia) Pty Ltd Norfolk Blinds Pty Ltd The Trustee for Norfolk Trust Action Access Hire Pty Ltd/Australian Access Hire Pty Ltd Preston Hire (QLD) Pty Ltd Storm Scaffolding Pty Ltd ATF Services Pty Ltd FTI Group Pty Ltd Home Timber & Hardware Group Pty Ltd Window Design Solutions (Aust) Pty Ltd VT Services Contracting Pty Ltd Mazewell Pty Ltd Ahrens Enterprises Pty Ltd Crown Cabinetry Pty Ltd Berwick's (Gold Coast) Pty Ltd Finlayson Timber & Hardware Pty Ltd		
Former insolvency practitioners	There have not been any insolvency practitioners ever appointed to the Company.	N/A
Appointed Auditors	None appointed	N/A
Current winding-up applications Hume Doors & Timber Pty Ltd AB Crane Hire Pty Ltd	We are unaware of any business dealings (in prior insolvency appointments) we may have had with the current noted petitioning creditors of the Company.	Any business dealings with noted petitioning creditors of the Company have not been in relation to the Company, its current/former directors or its current/former shareholders.
Other Prior Professional/ Personal Relationships	Mr Lachlan McIntosh, a former Director of the Company (on the ASIC record for one month in March 2017) and a Current Director of the Company's Shareholder (Onterran Ltd) was previously employed as a Partner/Director by both Korda Mentha and FTI Consulting between	Mr McIntosh and Mr Baskerville have not previously discussed the Company's affairs prior to Jirsch Sutherland being first contacted about the Company's affairs by Mr Robert Berry in February 2017. Further, Mr Baskerville is not appointed over the Company and he has not been in the employ of Korda Mentha or FTI Consulting

	<p>approximately 2006 and 2014 (more than 24 months prior to our appointment)</p> <p>Mr Christopher Baskerville used to work at both Korda Mentha and FTI Consulting around the same period as Mr Lachlan McIntosh. Mr Christopher Baskerville is a current employed Partner of Jirsch Sutherland.</p>	for over 24 months.
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iii. Prior Professional Services to the Company

Neither we nor Jirsch Sutherland have provided any professional services to the Company in the previous 24 months apart from that stated above.

iv. No other Relevant Relationships to Disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company or any person or entity that has security over the whole or substantially whole of the property of the Company that should be disclosed apart from that stated above.

C. INDEMNITIES AND UP-FRONT PAYMENTS

We have been provided with the following upfront payment and indemnities for the conduct of this Administration: -

Name	Relationship with the Company	Nature of indemnity or upfront payment
Onterran Ltd	Sole Shareholder	<p>An upfront payment in the amount of \$75,000 was deposited into the Jirsch Sutherland & Co Trust Account on 26 April 2017. These funds are held on trust as a part contribution towards our fees and costs for the administration of the Company.</p> <p>In addition to the above, Onterran Ltd have indemnified the Voluntary Administrators and/or the Company for the following costs in the voluntary administration period (only):</p> <ol style="list-style-type: none"> 1. Rent and outgoings; 2. Gross wages; 3. Ongoing Maintenance and/ or Contractors costs; 4. Equipment leasing, rental or hire purchase costs; and 5. Any other reasonable operational and business overhead expenses incurred. <p>The indemnity does not extend to our professional fees, office expenses, legal costs, or valuation costs.</p> <p>If the Company is subsequently placed into liquidation, the costs incurred by Onterran Ltd in this regard will rank</p>

		subordinate to all of our fees, expenses and costs as Administrators and Liquidators but ahead of all priority employee entitlements per Section 556 of the <i>Corporations Act 2001</i> .
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There are no conditions on the conduct or the outcome of the Administration attached to the above upfront payment or indemnity (i.e. achieving a certain outcome). However, it is noted that the following matters apply to the upfront payment monies:

1. The indemnity funds may be later utilised by Onterran Ltd for the purposes of proposing a Deed of Company Arrangement, that is, if they wish to do so; and
2. Any balance/residual of funds not utilised for costs or other purposes are refundable to the Shareholder, that is, only if we are replaced as Administrators/Liquidators of the Company.

The above does not include indemnities that we may be entitled to under statute. We have not received any other indemnities or upfront payments.


Prior to our appointment, we provided the Sole Director of the Company with a Pre-Appointment Proposed Basis of Remuneration Disclosure in order to assist him with understanding how our remuneration is calculated and paid in the Administration. In this advice, it was estimated (noting various exceptions not under our control) that the professional fees for the Voluntary Administration period (only) would be approximately \$100,000 (Excl. GST and disbursements).

Independence

Our independence is a serious matter. Not only should someone in our position be independent in fact but must be seen or perceived as independent. An insolvency practitioner must not accept an appointment or continue to act under an existing appointment if a reasonable and informed third party, on the information available, might reasonably form the opinion that an insolvency practitioner might not bring an independent mind to the conduct of the administration and thus might not be impartial or may in fact act with bias.

In this respect, we welcome any enquiries from all stakeholders as to our independence.

Dated this 28th day of April 2017


SULE ARNAUTOVIC
JOINT AND SEVERAL ADMINISTRATOR


TRENT ANDREW DEVINE
JOINT AND SEVERAL ADMINISTRATOR

Notes:-

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

**FORM 532
APPOINTMENT OF PROXY**

*Corporations Act 2001
Regulation 5.6.29*

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
("THE COMPANY")**

A. Creditor's Name and Contact Details

Creditor Name: _____

Contact Name: _____ Telephone No: _____

Address: _____

E-mail: _____

B. Appointment of Proxy

I/We, a creditor of the Company hereby appoint _____ or in his/her absence _____ or failing that, the Chairperson, as my/our proxy to vote at the meeting of creditors of the Company to be held at Cliftons Brisbane, Level 2, 288 Edward Street, Brisbane QLD 4000 on Tuesday, 9 May 2017, commencing at 12:00PM (Local Time) or at any adjournment thereof.

C. Voting by Proxy (please tick)

- ☐ This proxy is to be used as a general proxy to vote on all matters arising at the relevant meeting,
OR
☐ This proxy is to be used as a special proxy to vote on the following matters as specifically indicated below:

Resolution	For	Against	Abstain
(1) That a creditors' committee be appointed consisting of _____ (insert number) members being: _____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) That Trent Andrew Devine and Sule Arnautovic of Jirsch Sutherland be removed as Joint and Several Administrators of the Company and that _____ be appointed as replacement Joint and Several Administrators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The Joint and Several **Administrators** or relevant delegate will act as Chairperson of the meeting.

Creditors wishing to attend the meeting are advised that proofs and proxies should be submitted to the Joint and Several Administrator by 12:00PM (local time) on Monday, 8 May 2017.

D. Execution (In accordance with Sections 127 and 250D of the Corporations Act 2001)

Signature of individual creditor or person authorised by corporate resolution to represent corporation

Insert Signature Above

Dated this _____ day of _____ 20__

The Common seal (if applicable) was affixed hereto in the presence of:

Print Name Above

Capacity: Director/Secretary/In person/Other

CERTIFICATE OF WITNESS - COMPLETE BELOW ONLY IF CREDITOR IS BLIND OR INCAPABLE OF WRITING

This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The person nominated as proxy must not witness the signature of the creditor.

I (Insert Name), _____

Of (Insert Name) _____

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Witness Signature: _____

Witness Number: _____

FORM 535

*Corporations Act 2001
Regulation 5.6.49(2)*

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
("THE COMPANY")**

FORMAL PROOF OF DEBT/CLAIM FORM AS AT 26 APRIL 2017

CREDITOR NAME	
ABN	
CONTACT PERSON	
ADDRESS	
TELEPHONE	
EMAIL	

1. This is to state that the Company was on 26 April 2017 and still is, justly and truly indebted to me/us for the amount shown below. This amount is calculated as follows:

DATE	CONSIDERATION	TOTAL DEBT INC. GST (\$/C)	GST (\$/C)	REMARKS

(Please attach copies of all relevant evidence associated with claim)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:

DATE	DRAWER	ACCEPTOR	AMOUNT (\$/C)	DUE DATE

- 3.* I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- 3.* I the creditor's agent am authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

DATE	
SIGNATURE	
NAME	
CAPACITY/OCCUPATION	

REMUNERATION REPORT – INITIAL ADVICE TO CREDITORS

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(ADMINISTRATORS APPOINTED)
A.B.N.: 97 071 344 100
("THE COMPANY")**

APPOINTMENT PARTICULARS

I, Trent Andrew Devine, was appointed as Joint and Several Administrator of the Company jointly with Sule Arnautovic on 26 April 2017.

REMUNERATION METHODS

There are generally four methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are: -

1. Time Based/Hourly Rate Method

This is the most common used method. The total fee charged is based on the hourly rate charged by each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed. The relevant rate charged per person is based on that person's experience and is usually set by market conditions.

2. Fixed Fee Method

This is where the total fees charged is normally quoted at the commencement of the matter and is the total cost for the matter. Sometimes a practitioner will finalise the matter for a fixed fee.

3. Percentage Fee Method

This is where fees are based on a percentage of a particular variable, such as the proceeds of asset realisations.

4. Contingency Method

This is where fees are structured to be contingent on a particular outcome being achieved.

REMUNERATION METHOD FOR THE MATTER OF THE COMPANY

The remuneration of the Joint and Several Administrators, the partners of Jirsch Sutherland, and their staff for the conduct of the matter of the Company will be calculated on the basis of time spent at the level appropriate to the work performed. That is, the Time Based/Hourly Rates Method will be adopted for the matter of the Company.

I have adopted the Time Based/Hourly Rates Method due to the following reasons: -

- i. It is my opinion that the Percentage of Assets Method is not appropriate as I am not fully aware of all of the assets of the Company as at the date of appointment and therefore I may either overstate or understate the level of fees for them;
- ii. It is my opinion that the Fixed Fee Method and Contingency Method are not appropriate as I am not fully aware of all of the work necessary to bring to a conclusion the matter of the Company as at the date of appointment and therefore I may either overstate or understate the level of fees for the matter; and
- iii. It ensures that creditors in the matter are only charged fees for work that is actually performed by the Joint and Several Administrators, their partners and staff.

CURRENT SCHEDULE OF RATES

I attach as **Annexure "A"** the current schedule of remuneration and disbursement rates adopted by Jirsch Sutherland, which will be applicable to this matter.

INFORMATION FOR CREDITORS ON REMUNERATION

I attach as **Annexure "B"** an information sheet produced by the Australian Securities & Investments Commission ("ASIC") titled Approving Fees – A Guide for Creditors.

ESTIMATE OF REMUNERATION

It is estimated that the professional fees for this matter will be approximately \$100,000, excluding GST.

There are a number of unknown variables (at this time) which may have a significant effect on this estimate, such variables include (but are not limited to): -

- i. Unexpected creditor claims
- ii. Issues and/or disputes with statutory creditors
- iii. Undisclosed assets and the realisation of same
- iv. Difficulties in securing books and records
- v. Pre-appointment transfers of assets/business
- vi. Disputes & Litigation

In this regard, I will keep creditors advised of fees in the future reports to creditors.

The above estimate excludes out of pocket expenses, disbursements, third party costs and is subject to change from time to time.

STAFF RESPONSIBLE FOR THE MATTER OF THE COMPANY

The following persons will be responsible for the conduct of the matter of the Company:-

NAME	TITLE	HOURLY RATE (\$ EX. GST)
Trent Andrew Devine	Joint and Administrator/Partner	Several \$615
Sule Arnautovic	Joint and Administrator/Partner	Several \$615

NAME	TITLE	HOURLY RATE (\$ EX. GST)
Otim Oluk	Senior Manager	\$530
Des Byron	Manager 2	\$485
Kathryn Gesilva	Manager 2	\$485
Vincent Wang	Senior 2	\$355
Emily Guan	Graduate	\$265
Administrative Staff	Various	\$180 - \$225

The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Creditors should note that other staff may be required to work on the matter of the Company.

REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES

During the course of this matter, funds may be paid to the Joint and Several Administrators from external sources (i.e. not from the Company's assets/recoveries) to assist with the conduct of certain aspects of work required to be undertaken.

In this regard, if applicable to this matter, I may seek funding from one of the following external sources:

- i. Department of Employment ("DOE") in relation to administering the calculation and payment of outstanding employee entitlements under the Fair Entitlements Guarantee Act 2012 ("FEG");
- ii. Australian Securities and Investments Commission – Assetless Administration Fund ("ASIC") to assist with matters identified within the investigations;
- iii. Unsecured creditors of the Company to assist with the pursuit of actions identified within the investigations;
- iv. Secured creditors of the Company to assist with the realisation of assets;
- v. Litigation Funding providers to assist with the pursuit of actions identified within the investigations; and
- vi. Indemnities or upfront payments provided at the outset of this appointment from the directors, shareholders or other associates of the Company.

Any funds received from the above external sources, will be paid into the matter bank account, as administered by Joint and Several Administrators, and all professional time charged in relation to the relevant work will be charged to the matter. In the event that remuneration is charged to the matter over and above the amount of funding provided by the external source, any shortfall amount will be a cost direct to the matter on the basis that the remuneration is necessary and is properly incurred. Any remuneration drawn in respect to the above work, will relate to remuneration as approved by creditors or the Court, if such approval is required under Law.

DETAILS OF CURRENT EXTERNAL FUNDING

I advise that as at the date of this report, \$75,000 has been received upfront from the Company's Shareholder in respect of our future fees and expenses to be incurred in the administration. The Company's Shareholder has also provided us with an indemnity in relation to certain costs and expenses of the administration.

DISBURSEMENTS

Disbursements are divided into three types:

- **Externally provided professional services** – these are recovered at cost. An example of an externally provided professional service is legal fees.
- **Externally provided non-professional costs** – these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** – these are generally charged at cost; though some expenses may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements are telephone calls, photocopying and printing. The recovery of these costs must be on a reasonable commercial basis.

Creditors are not required to provide approval for disbursements, but an accounting of disbursements is required to be provided to creditors. Details of the basis of recovering disbursements are set out within the Jirsch Sutherland Schedule of Out of Pocket Expense Rates attached herewith as **Annexure "A"**. This does not include any trading liabilities/overheads (if applicable). Full details of any costs incurred will be provided in future reporting.

Should you require any further information in this regard, please contact Vincent Wang or Emily Guan of this office on (02) 9236 8333.

Dated this 28th April 2017



TRENT ANDREW DEVINE
JOINT AND SEVERAL ADMINISTRATOR



**REMUNERATION RATES
EFFECTIVE 1 AUGUST 2016**

Classification	Guide to level of Relevant Experience	Amount GST Excl. (\$)
Partners	Generally in excess of 10 years' experience. Maybe a Registered Liquidator, Official Liquidator and/or Trustee. Maybe ARITA, CAANZ and/or CPA qualified. Brings specialist skills to the appointment.	615
Principals	More than 8 years' experience. Maybe ARITA, CAANZ and/or CPA qualified. Maybe a Registered Liquidator, Official Liquidator and/or Trustee. Well-developed technical and commercial skills. Answerable to the Appointee (if not acting as the actual Appointee), but otherwise responsible for all aspects of an appointment. Experienced at all levels and considered very competent. Controls staff and their training.	565
Senior Managers	More than 8 years' experience. Maybe ARITA, CAANZ and/or CPA qualified. Well-developed technical and commercial skills. Answerable to the appointee but otherwise responsible for all aspects of an appointment. Experienced at all levels and considered very competent. Controls staff and their training.	530
Manager 1	More than 6 years' experience. Maybe ARITA, CAANZ and/or CPA qualified. Well-developed technical and commercial skills. Answerable to the appointee but otherwise responsible for all aspects of an appointment. Will have had conduct of minor administrations. Controls staff and their training.	515
Manager 2	More than 5 years' experience. Maybe ARITA, CAANZ and/or CPA qualified or undertaking study. Well-developed technical and commercial skills. Will have had conduct of minor administrations. Controls a small to medium team of staff. Answerable to the appointee.	485
Forensic Accountants	Experienced accountant. Maybe CAANZ and/or CPA qualified. High level of investigative accounting skills. Experience with providing litigation support for a wide range of varying matters including insolvency related matters and fraud investigations.	475
Supervisor 1	Has 4 to 6 years' experience. May hold undergraduate degree and maybe undertaking ARITA, CAANZ/CPA study. Will have had conduct of minor administrations and experience in control of one to three staff, assists planning and control of medium to larger administrations. Answerable to a Manager and/or an appointee if applicable.	415
Supervisor 2	More than 4 years' experience. May hold undergraduate degree and maybe undertaking ARITA, CAANZ/CPA study. Will have had conduct of minor administrations and experience in control of one to three staff, assists planning and control of medium administrations. Answerable to a Manager and/or an appointee if applicable.	390
Senior 1	Has 2 to 4 years' experience. May hold undergraduate degree and may commence the ARITA course. Assists planning and control of small to medium sized administrations as well as performing some of the more difficult work on larger administrations. Answerable to more senior staff.	375
Senior 2	Has 1 to 3 years' experience. May hold undergraduate degree and may commence the ARITA course. Required to control the fieldwork on small administrations and is responsible for assisting complete fieldwork on medium sized administrations. Answerable to more senior staff.	355
Intermediate 1	Up to 2 years' experience. Maybe undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff. Answerable to more senior staff.	315

Intermediate 2	Up to 1 year experience. Maybe undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff. Answerable to more senior staff.	280
Graduates/ Accountant	Trainee with a less than 1 year of experience. Maybe undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff including books and records management. Answerable to more senior staff.	265
Administration/ Clerical Staff – Senior	Appropriately experienced and undertakes support activities, including but not limited to word processing, maintaining the bookkeeping tasks including, receipts & payments and managing the cash book, preparing bank reconciliations and statutory lodgements for the ASIC and the ATO, accounts processing and books and records management. Answerable to Managers and/or more senior staff.	225
Administration/ Clerical Staff – Junior	Appropriately experienced and undertakes support activities. Answerable to more senior staff. These staff may typically be local or foreign (outsourced) administrative contractors.	180
Cadets	Trainee, very little experience. Required to assist in day-to-day fieldwork under supervision of more senior staff including books and records management. Answerable to more senior staff.	110

Notes:

- The hourly rates are exclusive of GST.
- Remuneration is calculated on a time cost basis in accordance with the above rates and Jirsch Sutherland administers this time cost record via Core, a computerised software program.
- Staff members are classified in accordance with academic qualifications and/or relevant experience.
- Rates may be increased at 1 August each year at a rate of up to 5% (rounded up to the nearest \$5.00).
- The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.
- Any contingency arrangement/percentage of assets arrangement within the scope of the ARITA Code is not applicable as a standard charge; this requires a Creditors' resolution and /or Court Approval.
- Disbursements are calculated on the following basis:

Disbursements	Unit	Rate (\$ Ex. GST)
Printing/Photocopying	Per Page	0.80
Printing/Photocopying - Outsourced	N/A	Cost
ASIC/PPSR Search Requests	Per Search	Cost
Vehicle/Vessel Search Requests	Per Search	Cost
Land Title/Property Search Requests	Per Search	Cost
Other Statutory Searches	Per Search	Cost
Statutory Advertising: ASIC Insolvency Notices	N/A	Cost
Other Print Advertising	N/A	Cost
Vehicle Mileage Travel Costs	Per Kilometre	0.66
Postage	N/A	Cost
Couriers	N/A	Cost
Security Storage	N/A	Cost
All Other Expenses & Disbursements	N/A	Cost
Meeting room (external)	N/A	Cost



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85 APPROVING FEES: A GUIDE FOR CREDITORS

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

ENTITLEMENT TO FEES AND COSTS

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable fees, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket costs incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 Liquidation: a guide for creditors and INFO 74 Voluntary administration: a guide for creditors.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

WHO MAY APPROVE FEES

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

TABLE 1: WHO MAY APPROVE FEES				CREDITORS' COMMITTEE	CREDITORS	COURT
Administrator in a voluntary administration				✓1	✓	✓
Administrator of a deed of company arrangement				✓1	✓	✓
Creditors' voluntary liquidator				✓1	✓5	×3
Court-appointed liquidator				✓1	✓4,5	✓2

1. If there is one.
2. If there is no approval by the committee or the creditors.
3. Unless an application is made for a fee review.
4. If there is no creditors' committee or the committee fails to approve the fees.
5. If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

CREDITORS' COMMITTEE APPROVAL

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 Liquidation: a guide for creditors, INFO 74 Voluntary administration: a guide for creditors and INFO 41 Insolvency: a glossary of terms.

CREDITORS' APPROVAL

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll the resolution is passed if a simple majority of creditors present and voting, in person or by proxy, indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

CALCULATION OF FEES

Fees may be calculated using one of a number of different methods, such as:

- on the basis of time spent by the external administrator and their staff
- a quoted fixed fee, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

REPORT ON PROPOSED FEES

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

DECIDING IF FEES ARE REASONABLE

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was, or is likely to be performed
 - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
 - if the fees are for work that is yet to be carried out, whether the fees are capped.
- If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

WHAT CAN YOU DO IF YOU THINK THE FEES ARE NOT REASONABLE?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

REIMBURSEMENT OF OUT-OF-POCKET COSTS

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

QUERIES AND COMPLAINTS

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

*ASIC Complaints
PO Box 9149
TRARALGON VIC 3844*

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

TO FIND OUT MORE

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 Insolvency: a glossary of terms. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- INFO 45 Liquidation: a guide for creditors
- INFO 46 Liquidation: a guide for employees
- INFO 54 Receivership: a guide for creditors
- INFO 55 Receivership: a guide for employees
- INFO 43 Insolvency: a guide for shareholders
- INFO 42 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors

These are also available from the Australian Restructuring, Insolvency & Turnaround Association (ARITA) website at www.arita.com.au. The ARITA website also contains ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.



ASIC

Australian Securities & Investments Commission

INSOLVENCY INFORMATION FOR DIRECTORS, EMPLOYEES, CREDITORS AND SHAREHOLDERS

ASIC has 11 insolvency information sheets to assist you if you're affected by a Company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common Company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Australian Restructuring, Insolvency & Turnaround Association ("ARITA"), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

LIST OF INFORMATION SHEETS

- INFO 41 Insolvency: a glossary of terms
- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- INFO 45 Liquidation: a guide for creditors
- INFO 46 Liquidation: a guide for employees
- INFO 54 Receivership: a guide for creditors
- INFO 55 Receivership: a guide for employees
- INFO 43 Insolvency: a guide for shareholders
- INFO 42 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors
- INFO 85 Approving fees: a guide for creditors

GETTING COPIES OF THE INFORMATION SHEETS

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the ARITA website at www.arita.com.au. The ARITA website also contains the ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.