

Initial information for creditors

Paragon Construction (NSW) Pty Ltd (In Liquidation)
A.C.N. 095 418 803 (“the Company”)

1. Information for creditors

1.1 Notification of appointment

I was appointed Liquidator of the Company on 18 June 2020 pursuant to an order made by the Supreme Court of NSW. The petitioning creditor is Anthony Brenchley and Suzanne Brenchley (“**the Petitioning creditor**”)

A copy of my Declaration of Independence, Relevant Relationships and Indemnities (“**DIRRI**”) is attached as **Annexure A**. The DIRRI assists you to understand any relevant relationships that I have, and any indemnities or upfront payments that have been provided to me. I have considered each relationship and it is my opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect my independence.

1.2 What is a court liquidation?

A court liquidation is where an order to place a Company into liquidation is made by the court. Usually this is on application of a creditor where the Company has not paid its outstanding debt. In most circumstances, this means that the Company is insolvent.

My role as Liquidator is to administer the affairs of the Company, realise the assets and pay dividends (if any). I am also required to investigate the affairs of the Company and report any offences to Australian Securities and Investment Commission (“**ASIC**”).

1.3 What happens to your debt?

According to the information available to me, you are or may be a creditor of the Company.

All creditors of the Company are now creditors in the liquidation. As a creditor, you have certain rights, although your debt will now be dealt with in the liquidation.

If you have leased the Company property, have a retention of title claim or hold a Personal Property Security interest over any assets or property of the Company, please contact my staff as soon as possible.

1.4 Your rights as a creditor

Information regarding your rights as a creditor is provided in the information sheet included at **Annexure B**. This includes your right to:

- Make reasonable requests for a meeting;
- Make reasonable requests for information;
- Give directions to me;

- Appoint a reviewing liquidator; and
- To replace me as liquidator.

2. Summary of the Company's affairs

Below is a summary of the information available from ASIC for the Company.

Company Details		
Registration Date	18 December 2000	
Registered Office	'Yeldhams Taxation', 15 Eric Road, Artarmon NSW 2064	
Principal Place of Business	1010 Old South Road, Mittagong NSW 2575	
Director & Secretary	Appointed	Ceased
Rodney Van Beek	18 December 2000	-
Share Structure	Amount Paid	Amount Unpaid
1 Ordinary Shares	\$1.00	\$0.00
Current Shareholder	Shares Held/Type	Fully Paid
Rodney Van Beek	1 Ordinary Share	Yes

3. Update on liquidation to date

Since my appointment, I have contacted the Director to obtain information on the Company and the Company's books and records. I have received a completed Report on Company Activities and Property ("ROCAP"), financial statements and the MYOB management accounting file from the director.

I have received from DEM Asia Group, the administrators of related entity Glenvine Pty Ltd (In Liquidation), the litigation file in relation to the proceedings commenced by the Owners Corporation against the Company.

My investigations are continuing, in particular with the following:

- Voidable transactions and recoveries available in the liquidation;
- Locating and realisation of assets;
- Review of historical financial information;
- Investigations into the affairs of the business;

Creditors should expect an update on my investigations through the liquidation in my Statutory Report to creditors due within three months' time.

4. Costs of the liquidation

Included at **Annexure C** is my Initial Remuneration Notice. This document provides you with information about how I propose to be paid for undertaking the liquidation.

I am unable to estimate the quantum of my fees in this liquidation and do not intend to seek remuneration approval at this stage.

5. Further information

The Australian Restructuring Insolvency and Turnaround Association (“ARITA”) provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA’s website at www.arita.com.au/creditors. ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC’s website at www.asic.gov.au (search for “insolvency information sheets”).

Should you have any questions in relation to this matter, please contact Angelo Cadiz of my office, by email at acadiz@hogansproyles.com.au or by phone on (02) 8020 5856.

DATED this 17th day of July 2020

Paragon Construction (NSW) Pty Ltd



Christian Sprowles
Liquidator

Attachments

Annexure A – Declaration of Independence, Relevant Relationships and Indemnities

Annexure B – Information Sheet - Creditor Rights in Liquidation

Annexure C – Initial remuneration notice

Annexure D – Proof of debt form

Annexure E – ARITA Information Sheet: Proposals without meeting

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Paragon Construction (NSW) Pty Ltd (In Liquidation)
A.C.N. 095 418 803 ("the Company")

The purpose of this document is to assist creditors with understanding any relationship that the liquidator has and any indemnities or upfront payments that have been provided to the liquidator. None of the relationships disclosed in this document are such that the independence of the liquidator is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in my independence and, if not, can act to remove and replace me if you wish.

This declaration is made in respect of myself, my partners and HoganSprowles.

1. Independence

I, Christian Sprowles of HoganSprowles have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as liquidator of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

2. Declaration of Relationships

i. Circumstances of appointment

This appointment was referred to Christian Sprowles by Matthew Wells of Makinson d'Apice Lawyers. The reason I believe this referral does not result in the Liquidator having a conflict of interest or duty are:

- Referral from business advisors including lawyers, accountants, bankers and advisors are commonplace and do not impact on my independence in carrying out my duties as Liquidator of the Company
- The fees from the referral of this source do not constitute a significant percentage of our business and accordingly, we are by no means dependent on referrals from this source.

On 14 May 2020 I was contacted by Mr Matthew Wells to provide a consent to act as liquidator of the Company. Mr Wells represents the petitioning creditors, Anthony Brenchley and Suzanne Brenchley.

I did not receive any remuneration for the above.

I have never met or had any discussions with the director or shareholders of the Company. In my opinion, my conversations with Mr Wells do not affect my independence as no advice was provided and:

- The ARITA (formerly IPA) Code of Professional Practice and the Courts recognises the need for practitioners to provide advice on the insolvency process and the options available and I do not consider that such advice results in a conflict or is an impediment to accepting the appointment; and
- The nature of the advice provided (if any) to the Company is such that it would not be subject to review and challenge during the Administration; and
- The nature of the pre-appointment advice provided (if any) to the Company will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Administration of the Company in an objective and impartial manner.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

I have had within 24 months, a relationship with:

Name	Nature of Relationship	Reasons
Glenvine Pty Ltd (In Liquidation)	Related to the Company by virtue of common directorship	<p>I believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • I was appointed by the Supreme Court of NSW • Referrals from solicitors, business advisors and accountants are commonplace and do not impact on my independence in carrying out my duties as liquidator or receiver and manager • There is no expectation, agreement or understanding between myself and the referrers about the conduct of this administration and I am free to act independently and in accordance with the laws and the requirement of the ARITA Code of Professional Practice.

There are no other prior professional or personal relationships that should be disclosed.

iii. Prior Professional services to the Insolvent

Neither I, nor my firm, have provided any professional services to the Company in the previous 24 months.

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, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

I have not been indemnified in relation to this liquidation, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated: 17 July 2020



Christian Sprowles
Liquidator

Notes:

- 1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent'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.*

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

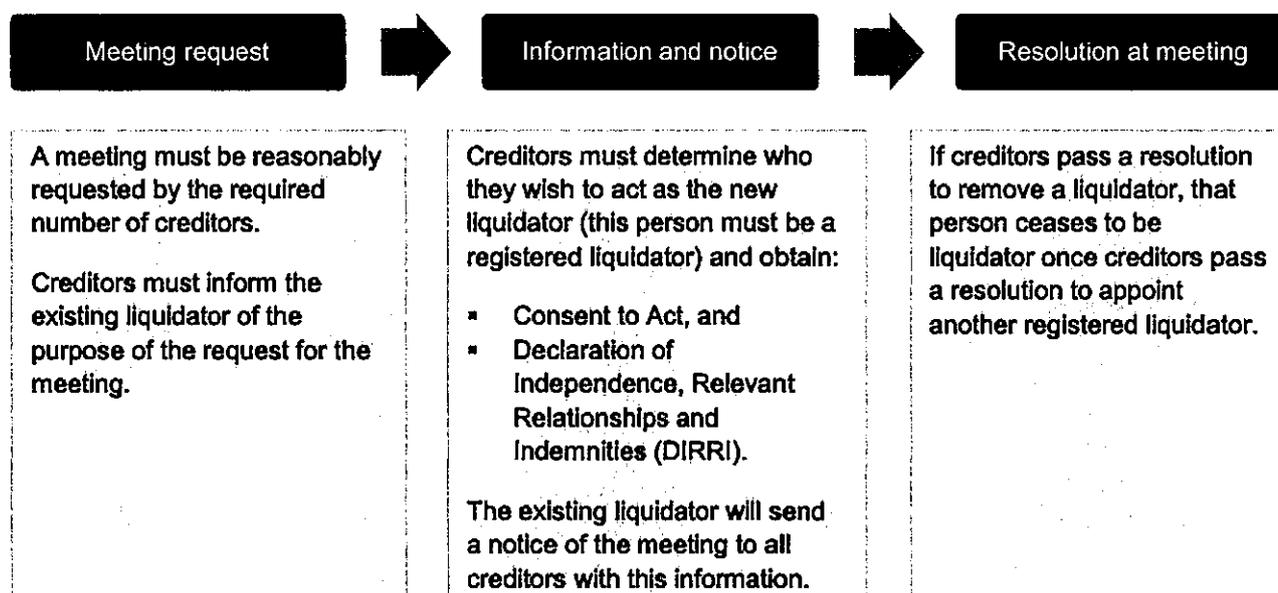
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors.
 Specific queries about the liquidation should be directed to the liquidator's office.

INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50

Insolvency Practice Rules (Corporation) 70-35

Paragon Construction (NSW) Pty Ltd (In Liquidation)

A.C.N. 095 418 803 (“the Company”)

The purpose of the Initial Remuneration Notice is to provide you with information about how I propose my remuneration for undertaking the liquidation of Paragon Construction (NSW) Pty Ltd will be set.

1 Remuneration Methods

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

- A. **Time based / hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- B. **Fixed Fee:** The total fee charged is normally quoted at the commencement of the liquidation and is the total cost for the liquidation. Sometimes a practitioner will finalise a liquidation for a fixed fee.
- C. **Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- D. **Contingency:** The practitioner’s fee is structured to be contingent on a particular outcome being achieved.

2 Method chosen

Given the nature of this liquidation I propose that my remuneration be calculated on a time based/hourly rates basis. The amount of work required and the recoveries from Company assets are at this stage not known to me and accordingly the time based/hourly rates basis best allows me to accurately determine how much work has been completed in the liquidation and remunerate accordingly. I have chosen the time based/hourly rates method because:

- This method is considered to be the most suitable for this appointment as it ensures creditors are only charged for work that is performed in the liquidation, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time-based method in this case again ensures that creditors are only charged for work that is actually performed in the external Liquidation.
- The practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example, reporting to the Australia Securities and Investments Commission (“ASIC”), undertaking investigations, responding to creditor enquiries and distributing funds to creditors.

- The practitioner has a time recording system that can produce a detailed analysis of the time spent on each type of task by each individual staff member in the liquidation.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

3 Explanation of Hourly Rates

The rates for my remuneration calculation are set out in the attached table, schedule of hourly rates, together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take in the liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage. Time is charged in six-minute increments.

4 Estimated remuneration

I am unable to estimate the quantum of my fees in this liquidation at this stage. I will provide my estimated costs and disbursements in my statutory report to creditors due within three months' time.

The Liquidator's time costs are recoverable only against the asset realisations available.

5 Disbursements

Disbursements are divided into three types:

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

I am not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, I must be satisfied that these disbursements are appropriate, justified and reasonable.

I am required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve my internal disbursements where there is a profit or advantage prior to these disbursements being paid from the liquidation.

Details of the basis of recovering disbursements in this liquidation are provided below.

Basis of disbursement claim

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.68 per km
Travel - other	At cost

Scale applicable for the financial year ending 30 June 2020.

Queries

Creditors have the right to request and obtain further information from the liquidator.

Information Sheet

Creditors may access the remuneration information sheet (ASIC Information Sheet 85 – Approving fees: a guide for creditors) at ASIC's website under Regulatory Resources.

<http://www.asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/approving-fees-a-guide-for-creditors/>

DATED this 17th day of July 2020
Paragon Construction (NSW) Pty Ltd


Christian Sprowles
Liquidator

hogan sprowles

Schedule of rates as @ 1 July 2020

Private & Confidential

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. Leads engagements with full accountability for strategy and execution.	595
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	535
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	470
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	420
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	400
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	350
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	340
Analyst 1	Experienced graduate. Required to assist senior staff in completing tasks on small to large engagements.	295
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	220
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	200
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	180
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	180
Bookkeeper	Assist senior staff with accounting functions of engagement.	170
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	150
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	120

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of Paragon Construction (NSW) Pty Ltd (In Liquidation)

1. This is to state that the company was, on 18 June 2020 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
 ('Creditor')

 of (full address)

for \$..... dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$	GST included \$	Remarks ⁽⁴⁾ include details of voucher substantiating payment

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

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

- I am **not** a related creditor of the Company ⁽⁵⁾
- I am a related creditor of the Company ⁽⁵⁾
relationship: _____

3A.^{(6)*} 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, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of

Signature of Signatory

NAME IN BLOCK LETTERS.....

Occupation

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) - Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
- (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.



Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").