

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 112 (ASIC)**

**Topic: Beaconsfield Mine Administrator**

**Hansard Page: E104**

**Senator WONG asked:**

Did ASIC ever investigate in relation to this administrator whether this person had the expertise to appropriately and safely run the mine in question at Beaconsfield?

**Mr Lucy**—Again, we can take that on notice.

**Mr Cooper**—We are getting a little bit out of our patch when talking about safety incidents and issues. It is really not something that we regulate.

**Senator WONG**—Where was the administrator located? Do you know?

**Mr Lucy**—Again, I think these events date back some time. We are better off to take them on notice to be sure.

**Senator WONG**—I am sorry, I thought the nature of some of the complaints made were, frankly, about the expertise of the administrator in running that company. Obviously safety in the mining operation is one aspect of that. Is that correct?

**Mr Cooper**—We are really taking all this on notice, I think, Senator.

**Senator WONG**—Does ASIC have any concerns about a situation in which an administrator can be the sole director responsible for a highly technical operation like a mining operation?

**Mr Cooper**—I am not really sure what you are asking me. It is common. There was a time when the entire collapsed Bond Group was being run by one administrator. They obviously appoint technical assistance; that is the way it works. It is a titular and legal appointment. They gather together technical experts, be they people in their employ or people they hire in. It happens when any business goes into external administration.

**Senator WONG**—We are talking about an industry which has both very high health and safety requirements and a high degree of technical expertise required.

**Mr Cooper**—So do many others.

**Senator WONG**—We are also talking about quite a protracted period, are we not, over which this company was being administered by a single person without any expertise on board?

**Mr Cooper**—You say ‘administered by a single person’. That is not how administrations work.

**Senator WONG**—Okay. We can have a discussion about that. You have mentioned the appointment of technical people. Is that a hypothetical or is that something ASIC ascertained?

**Mr Cooper**—Again, we are taking all this on notice.

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#### **Answer:**

All parties to the Beaconsfield Mine Joint Venture were under external administration during ASIC's investigation. Those external administrators were:

- Allstate group:- Michael Ryan ("**Ryan**") and Tony Woodings, of Taylor Woodings (Perth).
- Beaconsfield Gold group:- Gary Trevor, of Ferrier Hodgson (Perth).

Allstate Explorations NL ("**ALX**") managed the Beaconsfield mine pursuant to the joint venture agreement between the Allstate group and the Beaconsfield Gold group companies. Under the ALX deed of company arrangement, the directors of the company played no role in its management. The company traded under the control and at the absolute discretion of the deed administrators, subject to the delegation of some day-to-day operations to authorised employees.

ASIC did not specifically investigate whether the deed administrators had the expertise to run the mine safely. During ASIC's investigation it was determined that the administrator Ryan had some limited mining industry experience as an insolvency practitioner. However it was also determined that the resident manager employed by the company, Matthew Gill ("**Gill**"), was responsible for the overall day-to-day operations of the mine. Gill had held that position since 1997 (i.e. prior to the appointment of the deed administrators).

It was also determined that Gill and other senior mine employees also attended Beaconsfield Mine Joint Venture Committee meetings. That committee comprised Allstate group and Beaconsfield Gold group representatives (being the respective deed administrators and receiver manager during the period of ASIC's investigation). ASIC interviewed Gill and the other senior mine employees, being the chief geologist, mine superintendent and mill superintendent. Whilst the experience of those employees was not the subject of ASIC's investigation, from those interviews ASIC's officers had no reason to doubt their experience or suitability for the positions they held.